Baron Asset Fund
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March 31, 2017

Baron Funds®

Quarterly Report

"Would you like to know the easiest way to make a billion dollars? Take a penny. Bury it in the ground for a thousand years. Then dig." J.P. Morgan. Chairman and Founder. J.P. Morgan & Company. 1880. "*The Last Days of Night*." Graham Moore. 2016.

My days are filled by meetings and conversations with executives of businesses in which Baron Funds invests and with our firm's analysts, managers and executives. I also spend hours reading...principally annual reports, shareholder letters, newspapers, business magazines and our analysts' BRAINS research notes. While some might regard my daily reading material as dry, luckily, I consider it incredibly interesting. I equate my "work" to piecing together a jig saw puzzle...assembling disparate fragments of information to create a mosaic of the world and the people and businesses shaping it. Regardless, my wife, Judy, feels my reading list has become too narrow...and, maybe, thinks after 41 years together I am becoming a little boring. After Judy read Graham Moore's "*The Last Days of Night,*" a historical fiction novel, she, attempting to broaden my interests, insisted I read it, too. "Ronnie, you will love it. It's about the invention of the light bulb and alternating electric current in 1880. The principal characters are Thomas Edison, George Westinghouse, Paul Cravath, J.P. Morgan and...*Nikola Tesla!*" She was right. After I began to read it on her Kindle, I couldn't stop. I finished the novel in two nights.

"*The Last Days of Night*" electric light bulb story was riveting. While many quotes in the book were memorable, I was particularly taken by J. P. Morgan's "Bury a Penny" remark. It seemed especially relevant to Baron Funds' investment process and our thoughts about markets, economies and inflation. I concluded Chairman Morgan was describing the insidious impact of inflation on fiat paper currencies like the dollar, euro and renminbi...and its positive impact on tangible assets, businesses and economic growth. In a thousand years, according to J.P. Morgan, the wealthiest man in the world in 1880, it would take a billion paper dollars to purchase what a penny would buy in 1880! While the value of a physical copper penny will likely be a lot higher in 3017 than in 2017, the purchasing power of a penny, if it were used as a currency, would then be microscopic. For the copper in a penny to become worth one billion dollars in one thousand years means copper would need to double in price *27 times*. That represents annual appreciation of 2.57%. Looked at another way, J.P. Morgan believed the purchasing power of your dollars would fall in half every 27 years. The purchasing power of dollars over the past 50 years has actually fallen faster, about 50% every *17* years! America's dollars, like all currencies, are a medium of exchange. They are not a store of value. A tangible asset, like copper in a penny, farmland, well located real estate and growing businesses will increase in value with inflation; an intangible asset like paper currency will inevitably fall in value over the long term.

RONALD BARON
CEO AND CHIEF INVESTMENT OFFICER

A few examples? President Thomas Jefferson paid $15 million to France in 1803 for the "Louisiana Purchase." That acquisition doubled the size of America. $15 million in 1803 is equivalent to $250 billion in "present day dollars!" The Louisiana Purchase is now worth trillions. Undefeated world heavyweight champion Rocky Marciano earned $1.7 million during his entire boxing career in the 1950s. Muhammad Ali, the greatest boxer ever, earned $61 million during his career in the 1970s. Floyd Mayweather earned $220 million when he fought and beat Manny Pacquiao two years ago. In one night, Pacquiao earned $150 million for *losing* that fight! In 1966, Sandy Koufax, the greatest pitcher of all time, and his fellow Los Angeles Dodger pitcher Don Drysdale, held out for salaries of $125,000 for Koufax and

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$110,000 for Drysdale! In 2016, L.A. Dodger pitcher Clayton Kershaw signed a seven year contract for $215 million! Tuition, bridge and tunnel tolls, housing, food and prices for virtually everything but technology tell the same story.

"When we own outstanding businesses with outstanding managements, my favorite holding period is forever." Warren Buffett. Chairman. Berkshire Hathaway. 1988.

We met Larry Fink, Chairman, CEO and Founder of BlackRock, the $5.1 trillion investment management firm, when his company became publicly owned on September 30, 1999. When our first meeting ended, we found Larry such an impressive individual and outstanding executive, and BlackRock's business' opportunities so compelling, I told him we planned to never sell shares in BlackRock we were then purchasing. In 1999, BlackRock's assets under management were $165 billion; its market capitalization $1.9 billion. In 2006, seven years later, BlackRock acquired Merrill Lynch Investment Management adding its $544 billion AUM! BlackRock's AUM then soared to $1 trillion and its share price increased ten-fold from our original purchase. I then called Larry. "Larry, when we first met, I told you we expected to never sell BlackRock's shares. But your market capitalization is now $20 billion and Baron Growth Fund, a small cap growth fund, owns BlackRock shares. We need to sell BlackRock. Because it and other Baron investments have grown so much, Morningstar has threatened to reclassify Baron Growth Fund as a mid cap fund. This is although we have never bought a single mid cap stock!" Larry told me he understood. Baron Growth Fund sold its BlackRock shares eleven years ago, a "ten bagger," as my friend Peter Lynch would say. It was a mistake to sell. Blackstone's ETF business, its "Aladdin" risk management system and its spectacular executives have since quintupled BlackRock's AUM to $5.1 trillion. BlackRock's share price has more than tripled again and its market capitalization is now $62 billion. The economy and stock market during the last eleven years have each increased only about 65%.

When I was leaving a recent meeting at J.P. Morgan Chase, of all places, I shared an elevator with Larry. He was in the middle of a conversation with two associates about passive investing and ETFs. When he noticed I was also in the elevator, he turned to me and remarked to his friends, "Ron doesn't need to worry about all this. He just outperforms." I took that remark as an incredible compliment, and, even though I thought Larry was teasing me, I thanked him.

When I returned to my office, I asked our risk managers to provide me with information about the absolute and relative performance of Baron Mutual Funds compared to the passive indexes and the peers against which our Funds compete. I was told: (i) **98.66%** of our mutual fund assets have outperformed their benchmark indexes since their inceptions; (ii) **97.36%** of our mutual fund assets have outperformed their peers and rank in the *top 15%* of their categories vs those peers; and, (iii) **78.32%** of Baron mutual funds have outperformed their peers and rank in the *top 10%* of their respective categories. We think this is testimony to the talent and hard work of our women and men on behalf of Baron Funds' shareholders as well as to our Firm's process oriented long-term investments. See Table I below.

Table I. Performance of Baron Funds Since Inception (Institutional Shares) Through March 31, 2017. We strive to beat the passive benchmarks.

Fund	Morningstar Category	Primary Benchmark	Since Inception Morningstar Ranking	Annualized Return Since Fund Inception	Annualized Benchmark Return Since Fund Inception	Annualized Morningstar Category Return Since Fund Inception	Inception Date
Baron Asset Fund	US Fund Mid-Cap Growth	Russell Midcap Growth Index	Top 10%	11.31%	9.83%	9.33%	6/12/1987
Baron Growth Fund	Baron-Adjusted Morningstar Small Growth	Russell 2000 Growth Index	Top 1%	12.91%	7.71%	10.03%	12/31/1994
	US Fund Mid-Cap Growth		Top 6%			9.61%	
Baron Small Cap Fund	US Fund Small Growth	Russell 2000 Growth Index	Top 12%	9.68%	5.63%	7.33%	9/30/1997
Baron Opportunity Fund	US Fund Mid-Cap Growth	Russell 3000 Growth Index	Top 44%	5.17%	3.21%	4.79%	2/29/2000
Baron Partners Fund	US Fund Mid-Cap Growth	Russell Midcap Growth Index	Top 1%	12.62%(1)	9.39%	9.02%	1/31/1992
Baron Fifth Avenue Growth Fund	US Fund Large Growth	Russell 1000 Growth Index	Top 61%	7.63%	8.80%	8.03%	4/30/2004
Baron Focused Growth Fund	US Fund Mid-Cap Growth	Russell 2500 Growth Index	Top 12%	10.64%(1)	7.52%	8.28%	5/31/1996
Baron International Growth Fund	US Fund Foreign Large Growth	MSCI ACWI ex USA IMI Growth Index	Top 5%	11.32%	8.73%	8.75%	12/31/2008
Baron Real Estate Fund	US Fund Real Estate	MSCI USA IMI Extended Real Estate Index	Top 4%	15.02%	13.55%	12.12%	12/31/2009
Baron Emerging Markets Fund	US Fund Diversified Emerging Mkts	MSCI EM IMI Growth Index	Top 1%	4.01%	0.45%	(0.79)%	12/31/2010
Baron Energy and Resources Fund	US Fund Equity Energy	S&P North American Natural Resources Sector Index	Top 43%	(1.83)%	0.37%	(1.64)%	12/30/2011
Baron Global Advantage Fund	US Fund World Stock	MSCI ACWI Growth Index	Top 14%	10.46%	9.15%	8.53%	4/30/2012
Baron Discovery Fund	US Fund Small Growth	Russell 2000 Growth Index	Top 1%	13.20%	8.28%	7.00%	9/30/2013

(1) Reflects the actual fees and expenses that were charged when the Funds were partnerships. The predecessor partnerships charged a 20% performance fee (Baron Partners Fund) or a 15% performance fee (Baron Focused Growth Fund) after reaching a certain performance benchmark. If the annual returns for the Funds did not reflect the performance fee for the years the predecessor partnerships charged a performance fee, returns would be higher. The Funds' shareholders are not charged a performance fee.

Fund	1-year returns	5-years returns	10-years returns	Annual expense ratio
Baron Asset Fund	19.15%	12.69%	7.48%	1.04%(2)
Baron Growth Fund	17.01%	11.83%	7.40%	1.05%(2)
Baron Small Cap Fund	23.07%	10.78%	7.25%	1.06%(2)
Baron Opportunity Fund	19.09%	8.10%	7.46%	1.13%(2)
Baron Partners Fund	20.15%	13.84%	7.25%	1.52%(3)(4)
Baron Fifth Avenue Growth Fund	19.00%	11.87%	6.92%	0.85%(2)(5)
Baron Focused Growth Fund	10.52%	8.07%	6.38%	1.13%/1.10%(3)(6)
Baron International Growth Fund	13.55%	6.65%	N/A	1.36%/1.25%(3)(7)
Baron Real Estate Fund	10.87%	13.25%	N/A	1.07%(3)
Baron Emerging Markets Fund	16.64%	5.94%	N/A	1.13%(3)
Baron Energy and Resources Fund	32.99%	(1.99)%	N/A	1.46%/1.10%(3)(8)
Baron Global Advantage Fund	21.94%	N/A	N/A	3.55%/1.25%(3)(9)
Baron Discovery Fund	41.98%	N/A	N/A	1.49%/1.10%(2)(10)

(2) As of 9/30/2016.
(3) As of 12/31/2016.
(4) Comprised of operating expenses of 1.09% and interest expenses of 0.43%
(5) Restated to reflect current management fees.
(6) Annual expense ratio was 1.13%, but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers).
(7) Annual expense ratio was 1.36%, but the net annual expense ratio was 1.25% (net of the Adviser's fee waivers).
(8) Annual expense ratio was 1.46%, but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers).
(9) Annual expense ratio was 3.55%, but the net annual expense ratio was 1.25% (net of the Adviser's fee waivers).
(10) Annual expense ratio was 1.49%, but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers).

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

Baron Funds' investment strategy is simple. We purchase stocks of well-managed, competitively advantaged growth companies that we believe are increasing in value with dollars that we believe are falling in value. America's economy, as measured by its GDP, has increased from $520 billion in 1960 to an estimated $19.5 trillion in 2017, approximately 6.7% annual growth in nominal terms. The Dow Jones Industrial Average has increased from 600 to 20,500 over the same time period, approximately 6.3% appreciation per year on average. *We have outperformed the economy and U.S. stock market over the long term because instead of investing in businesses that mirror the 6-7% annual growth of our economy, we try to invest in businesses that grow 15% per year*. Of course, we cannot assure you that the economy, the stock market or our investments will perform in the future as they have in the past.

Since 1992 when our firm had $100 million under management, we have earned more than $20 billion in realized and unrealized profits for our mutual funds and institutional clients. More than 90% of that amount has been for our mutual funds. Approximately $10 billion of those profits were in only 15 companies! As a long-term investor in businesses with investment holding periods generally measured in five to ten years…or much longer periods…Baron has earned several hundred basis points more than passive market benchmarks annually for our Funds and other clients with significantly less volatility, or beta, than the market.

We think our investment in Panera Bread, like that in BlackRock, is illustrative. Panera announced recently that it would be acquired by private equity firm JAB Holding Company. Baron purchased the bulk of its Panera shares nearly 15 years ago. We have since earned $245 million in profits. The stock has appreciated nearly ten-fold since our initial purchase. Regardless, our Panera profits didn't even rank in the top 15 of our most profitable investments since 1992! Our investment process and our ability to hire, train and retain our 36 exceptional analysts and managers as well as the 110 other outstanding individuals who work at Baron Capital is the reason we have been able to identify those fast growing businesses. Baron Capital was 35 years old on March 15, 2017. We thank our fellow employees, many of whom have worked for us for decades, and our newbies, for their outstanding work that has produced those returns.

"Intellectual property has the shelf life of a banana." Bill Gates. Chairman. Microsoft. "The Road Ahead." 1995.

In mid-February my wife and I had a date to meet friends for an 8:00 pm dinner at The Polo Club in New York City. New York City that evening was blanketed by a snowstorm. Judy said she would get us an Uber to take us the short distance to the restaurant. A few seconds later she told me we could get an Uber "but it was surge priced for $168!" "We can't walk 15 blocks in a snowstorm," I answered. "No way am I going to pay $168," was her response. "I'll try Curb, the taxi app." A few seconds later, she told me "a taxi is a block away and will be at our home in one minute. It will cost $8 plus a $2 tip!" By the time we got out of the elevator in our lobby, a taxi was pulling up in front of our building. Since I felt badly for the taxi driver who had to be away from his family that evening and drive us in miserable, dangerous weather, I felt we owed him some gratitude and gave him an additional $20 tip…which was still a great deal for us compared to Uber.

A few weeks later, on a rainy morning, I took another of those yellow limousines and asked the driver, "How's business?" "Terrible," he answered. "There are 13,000 yellow cabs in the city and 91,000 Ubers. I went bankrupt two years ago and lost my taxi medallion. That was not such a bad thing, though. The medallion price was then $1 million. You can't sell them for almost any price now. I heard about a recent sale for $150,000.” This person’s story touched me and, of course, another $20 tip was forthcoming and met with a big, “Thank you.” Change and disruption of the present order is happening at an accelerating pace…which we do not expect to slow…and which we expect to help many of the rapidly growing businesses in which we have invested.

“We all inhabit this small planet. We all breathe the same air. We all cherish our children’s future. And we are all mortal.” President John F. Kennedy. 1963.

Numerous regulations that negatively impact businesses’ profits and their ability to create jobs could probably be eliminated with little or no harm to the environment, the communities in which those businesses operate and their employees. However, the majority of our fellow citizens apparently believe government agency regulations that require businesses to avoid polluting air and water; to provide health care for their employees; to make their workplaces safe; and to pay employees fairly are not among them. Although compliance with health, safety and environmental regulations is costly, we believe businesses in which we invest comply with such regulations. We also believe these businesses will remain compliant with present regulations during the next several years…whether or not such regulations and laws are overturned.

There are several reasons why: (1) Individuals who intentionally damage our environment may ultimately be fined or subject to civil and criminal liability under current law or in the absence of specific laws under more general “catch-all” provisions. For example, banks that provided mortgages to home purchasers who could not afford over-priced homes were ultimately fined tens of billions despite the fact that this conduct was not “illegal.” (2) Businesses that despoil the environment and are potentially subject to legal liability will likely be valued for less in public markets. This is due to uncertainty regarding potential legal risk. In that light it is hard to imagine a business spending hundreds of millions or more to reopen polluting mines and factories that had been closed. Do you remember the consequences of the Exxon Valdez tanker spill in Alaska and the BP rig explosion in the Gulf? (3) Businesses not regarded as good citizens are likely to earn less since their traditional customers may be less likely to buy their products. Volkswagen is one such example. (4) There will be another administration within eight years which could reinstate regulations regarded as environmentally friendly if present environmental protections are eliminated. It would not make sense for businesses to invest potentially hundreds of millions in facilities that may become stranded assets if environmental laws that are eliminated are reinstated or new ones enacted.

Matt Weiss, one of our firm’s analysts, took a recent family vacation in Costa Rica. “Costa Rica is the third greenest country in the world,” he reported. “That country’s goal is 100% power generation from renewables. They have a law to protect Mother Earth, ‘Ley de Madres Tierra.’ It provides for the stewardship of Earth and equates protection of our planet to human rights.” Citizens of that country regard this as a moral imperative. “You wouldn’t believe the flora and fauna in that country,” Matt raved.

China is at the forefront of nations that realize the importance of restraining human activities harmful to the environment. This is despite their political leaders’ conviction that it is hypocritical for the United States to force developing countries to be wary of the environmental impact of their industrial activities. They reason that the U.S. and other developed countries, when *they* were “emerging markets,” despoiled the environment for centuries to enable them to grow rapidly. Regardless, China reportedly believes it is now in their best interests to become environmentally responsible, whether or not they are required to do so by treaty. If they fail, Chinese people, whose health is already being negatively affected by air and water pollution, will be increasingly unhappy with their government…and, other nations will be less willing to buy Chinese merchandise.

Air pollution in China’s biggest cities has become so significant that many of its citizens walk around wearing surgical masks and rarely see the sky. To celebrate the 70th anniversary of the end of World War II, Beijing scheduled a massive “Blue Sky Parade” in 2015. Unfortunately, for weeks before the scheduled parade, the air and sky in Beijing were virtually white. You can see what I’m talking about on the Internet. The Chinese government for two weeks then seeded clouds to produce precipitation and ordered factories around the city temporarily closed. For two weeks it rained, as desired, and on the day of the parade, the seeding stopped, the sun shined and the sky was blue! The day after the parade, the factories reopened and the white sky and air returned.

While few believe that pollution is not changing the Earth’s environment and creating global warming, some do. When my brother and I were small children, our parents regularly brought us to Brooklyn from our home in Asbury Park, New Jersey to visit our grandparents. My grandmother several times took me to The Hayden Planetarium at The Museum of Natural History in New York City. I thought that place was wondrous. The Hayden Planetarium at the Rose Center for Earth and Space in New York City has been reimagined and I believe is even more wondrous for small children than it was to me more than sixty years ago. We think this is in part due to its Director, Neil deGrasse Tyson, who uses this magnificent space as a teaching platform. I recently read and found hopeful a remark by him. “The good thing about science is that it’s true whether or not you believe in it.”

Respectfully,

Ronald Baron
CEO and Chief Investment Officer
April 20, 2017

The discussion of market trends and companies are not intended as advice to any person regarding the advisability of investing in any particular security. Some of our comments are based on current management expectations and are considered “forward-looking statements.” Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change any time based on market and other conditions, and we have no obligation to update them.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds’ distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Portfolio holdings as a percentage of net assets as of March 31, 2017 for securities mentioned are as follows: **Panera Bread Co.** – Baron Growth Fund (2.0%)**,** Baron Partners Fund (0.4%*).

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* % of Long Positions

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

If a Fund's historical performance was impacted by gains from IPOs and/or secondary offerings, there is no guarantee that these results can be repeated or that a Fund's level of participation in IPOs and secondary offerings will be the same in the future.

The **Morningstar US Fund Mid-Cap Growth Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 635, 500 and 368 funds for the 1-, 5-, and 10-year periods. Morningstar ranked **Baron Asset Fund** Institutional Share Class in the 19th, 15th, 42nd and 10th percentiles, respectively, in the category for the 1-, 5-, 10-year and since inception (6/12/1987) periods (consisted of 22 funds) (share classes). Morningstar ranked **Baron Growth Fund** Institutional Share Class in the 34th, 24th, 44th and 6th percentiles, respectively, in the category for the 1-, 5-, 10-year and since inception (12/31/1994) periods (consisted of 66 funds (share classes)). Morningstar ranked **Baron Opportunity Fund** Institutional Share Class in the 19th, 88th, 44th and 45th percentiles, respectively, in the category for the 1-, 5-, 10-year and since inception (2/29/2000) periods (consisted of 166 funds (share classes)). Morningstar ranked **Baron Partners Fund** Institutional Share Class in the 13th, 4th, 51st and 1st percentiles, respectively, in the category for the 1-, 5-, 10-year and since inception (1/31/1992) periods (consisted of 31 funds (share classes)). Morningstar ranked **Baron Focused Growth Fund** Institutional Share Class in the 91st, 88th, 73rd and 12th percentiles, respectively, in the category for the 1-, 5-, 10-year and since inception (5/31/1996) periods (consisted of 86 funds (share classes)).

The **Morningstar US Fund Small Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Small Growth category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 670, 527 and 386 funds for the 1-, 5- and 10-year time periods. Morningstar ranked **Baron Small Cap Fund** Institutional Share Class in the 41st, 50th, 57th and 12th percentiles, respectively, in the category for the 1-, 5-, 10-year and since inception (9/30/1997) periods (consisted of 121 funds). Morningstar ranked **Baron Discovery Fund** Institutional Share Class in the 1st and 1st percentiles, respectively, in the category for the 1-year and since inception (9/30/2013) periods (consisted of 576 funds).

Morningstar moved **Baron Growth Fund** from the Small Growth Category effective May 31, 2011 to the Mid-Cap Growth Category. The Fund's investment mandate has been and continues to be investing in small cap growth stocks for the long run. While the ranking information contained herein may be based on performance measurements from Morningstar, Baron created a new Morningstar Small Growth Category to include Baron Growth Fund Retail and Institutional shares. We intend to continue to provide comparative performance data for the Small Growth Category because we strongly disagree with Morningstar's reclassification of the Fund. Because of its long-term approach, the Fund could have a significant percentage of its assets invested in securities that have appreciated beyond their market capitalization at the time of the Fund's initial investment.

As of March 31, 2017, the Baron-Adjusted Morningstar Small Growth Category consisted of 675, 532, 390 and 57 funds (share classes) for the 1-, 5-, 10-year and Since Inception periods. The number of funds in the Category may vary depending on the date that Baron made the calculation. The Baron-Adjusted Morningstar Small Growth Category Average is not weighted and represents the straight average of annualized returns of each of the funds in the Category. **Baron Growth Fund Institutional** Share Class ranked in the 92nd, 30th, 52nd and 1st percentiles, respectively.

The **Morningstar US Fund Large Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Large Growth category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 1,454, 1,154 and 800 funds for the 1-, 5- and 10-year time periods. Morningstar ranked **Baron Fifth Avenue Growth Fund** Institutional Share Class in the 12th, 46th, 72nd and 61st percentiles, respectively, in the category for the 1-, 5-, 10-year and since inception (2/29/2000) periods (consisted of 657 funds (share classes)).

The **Morningstar US Fund Foreign Large Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Foreign Large Growth category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 400 and 276 funds for the 1- and 5- year periods. Morningstar ranked **Baron International Growth Fund** Institutional Share Class in the 11th, 22nd, and 5th percentiles, respectively, in the category for the 1-year, 5-year, and since inception (12/31/2008) periods (consisted of 240 funds (share classes)).

The **Morningstar US Fund Real Estate Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Real Estate category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 262 and 205 funds for the 1- and 5- year periods. Morningstar ranked **Baron Real Estate Fund** Institutional Share Class in the 4th, 1st, and 4th percentiles, respectively, in the category for the 1-year, 5-year, and since inception (12/31/2009) periods (consisted of 164 funds (share classes)).

The **Morningstar US Fund Diversified Emerging Markets Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Diversified Emerging Markets category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 811 and 429 funds for the 1- and 5-year periods. Morningstar ranked **Baron Emerging Markets Fund** Institutional Share Class in the 50th, 3rd and 1st percentiles, respectively, in the category for the 1-year, 5-year, and since inception (12/31/2010) periods (consisted of 332 funds (share classes)).

The **Morningstar US Fund Equity Energy Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Equity Energy category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 118 and 85 funds for the 1- and 5-year periods. Morningstar ranked **Baron Energy and Resources Fund** Institutional Share Class in the 4th, 39th and 43rd percentiles, respectively, in the category for the 1-year, 5-year, and since inception (12/30/2011) periods (consisted of 83 funds (share classes)).

The **Morningstar US Fund World Stock Average** is not weighted and represents the straight average of annualized returns of each of the funds in the World Stock category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 1,023 funds for the 1- year period. Morningstar ranked **Baron Global Advantage Fund** Institutional Share Class in the 3rd and 14th percentiles, respectively, in the category for the 1-year and since inception (4/30/2012) periods (consisted of 678 funds (share classes)).

Index performance is not fund performance; one cannot invest directly into an index.

Definitions (provided by BAMCO, Inc.): **Russell 1000® Growth Index** measures the performance of large-sized U.S. companies that are classified as growth. The **Russell 2000® Growth Index** is an unmanaged index that measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 2500™ Growth Index** measures the performance of small to medium-sized companies that are classified as growth. **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The **Russell Midcap® Growth Index** is an unmanaged index of those Russell Midcap medium-sized companies that are classified as growth companies. The **MSCI USA IMI Extended Real Estate Index** is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. The **MSCI EM (Emerging Markets) IMI Growth Index Net USD** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities in the emerging markets. The MSCI EM IMI Growth Index Net screens for growth-style securities. The index returns reflect the reinvestment of dividends and other earnings, which positively impact performance results. **MSCI ACWI ex USA IMI Growth Index Net USD** is an unmanaged, free float-adjusted market capitalization weighted index. It measures the performance of large, mid, and small-cap growth securities across developed and developing markets, excluding the U.S. **MSCI ACWI Growth Index** is unmanaged free float-adjusted market capitalization weighted index designed to measure the performance of large- and mid-cap securities classified as growth in the developed and emerging markets. **S&P North American Natural Resources Sector Index** is a modified capitalization-weighted equity index of U.S.-traded natural resources-related stocks, including mining, energy, paper and forest products, and plantation owning companies.

About Risk: The value of investments in equity securities is subject to unpredictable declines in the value of individual securities and periods of below average performance in individual securities and the equity market as a whole. Growth stocks are generally more sensitive to market movements than other types of stocks primarily because their stock prices are based heavily on future expectations. If our assessment of the prospects for a company's growth is wrong, or if our judgment of how other investors will value the company's growth is wrong, then the price of the company's stock may fall or not appreciate as we expect.

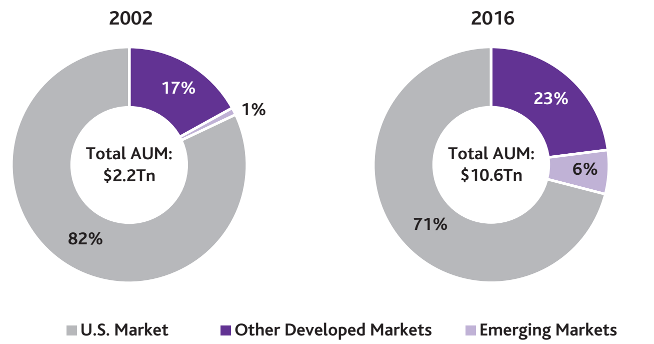
Beta: Measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition.

It's spring, which means major league baseball has resumed its long season, with pitchers hurling fastballs, runners stealing bases, and batters slugging homers. Baseball is a game driven by statistics, and one of those is relevant to this letter: the number of foreign-born players on MLB rosters. For the 2016 season, about 38% of MLB players were not born in the U.S. More of those players came from the Dominican Republic than any other country. That small island has been quite a force in baseball. Spring is also playoff time for basketball and hockey. The NBA has about 25% foreign-born players on its rosters, from 41 different countries. And 73% of NHL players were not born in the U.S. No surprise here, but the largest number come from Canada.

American sports teams have recognized the value of going global, and so have American investors. As international capital markets have developed and expanded, and as technologies and communications have advanced, investors have been able to diversify their portfolios and take advantage of investment opportunities across the world. Investments by mutual funds and ETFs in foreign equities have thus increased significantly, as shown in the charts below.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

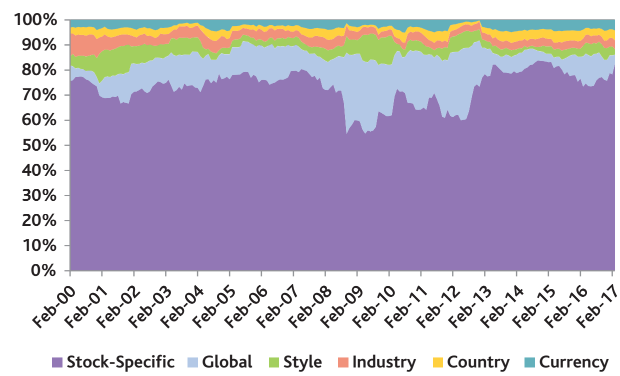
U.S. Investors Have Been Increasing Investments in Foreign Equities



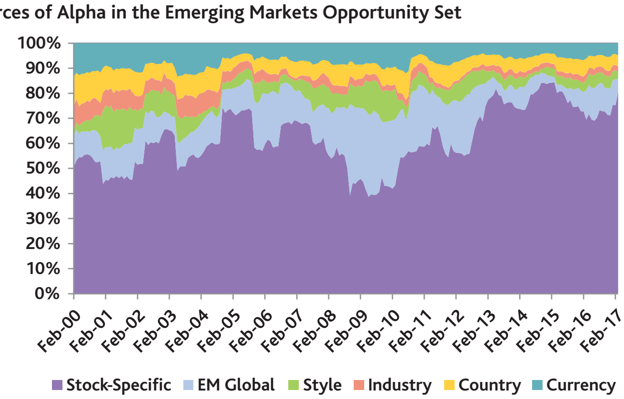
Source: Morningstar Direct and BAMCO, Inc.

Global Stock Pickers Have a Significant Opportunity

Sources of Alpha in the Global Opportunity Set



Sources of Alpha in the Emerging Markets Opportunity Set



Source: Deutsche Bank Markets Research, The Quant View

Active vs. Passive in Global Equity Investing

With more than 40,000 publicly traded companies in the world, the choice in front of global equity investors seems immense. About half of these companies are in developing economies (according to MSCI's classification) where the markets are considered inefficient. In the world of asset management, inefficiency translates into an opportunity for active managers with a research edge to capitalize on it.

A recent analysis by Deutsche Bank Research showed that currently about three quarters of "the total alpha on the table" available to global and emerging markets investors is expected to come from stock selection while the remaining one quarter is expected to come from top-down factors, such as picking the right countries, industries, and styles. Thus, skilled stock pickers in particular have a significant opportunity to stand out.

Letter from Linda

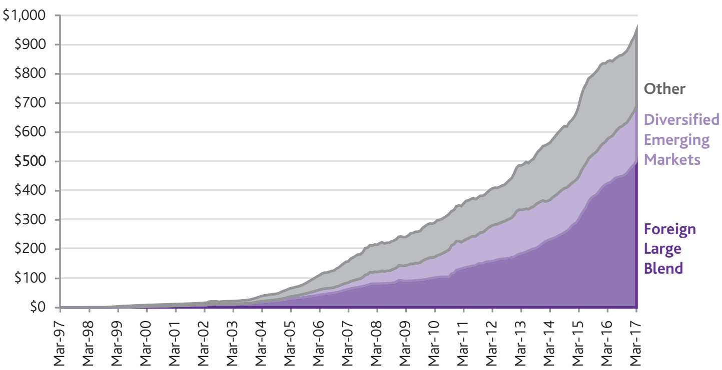
As investors have been increasing their allocations to foreign equities, it makes sense that active managers would be receiving the lion's share of those flows. After all, they have the potential to provide not only asset class exposure but also positive excess returns. Yet, what has been happening in practice is different – passive products have recently been getting the flows. Just this quarter, passive U.S. funds invested in foreign equities received over $50 billion of net flows while the active funds lost $3.5 billion.

Passive products are a fairly recent option in foreign equity investing. At the end of 2000, just 16 years ago, U.S. investors had a choice of 31 index funds and four ETFs[1] that tracked an international or a global index. As passive investing gained traction, these numbers increased significantly. Flows started becoming meaningful in the mid-2000s, but two categories have been the primary recipients – Foreign Large Blend and Emerging Markets, as shown in the chart below. As of March 31, 2017, the combined assets of the passive funds in these two categories accounted for 74% of the total assets invested in foreign passive equity products.

Flows into Passive Foreign Equity Products Have Been Rising Steadily

Cumulative Net Flows in Passive U.S. Foreign Equity Products

3/31/1997 – 3/31/2017, in billions



Source: Morningstar Direct and BAMCO, Inc.

"Other" includes the following Morningstar categories: China Region, Diversified Pacific/Asia, Europe Stock, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, India Equity, Japan Stock, Latin America Stock, Miscellaneous Region, Pacific Asia/ex-Japan Stk, and World Stock.

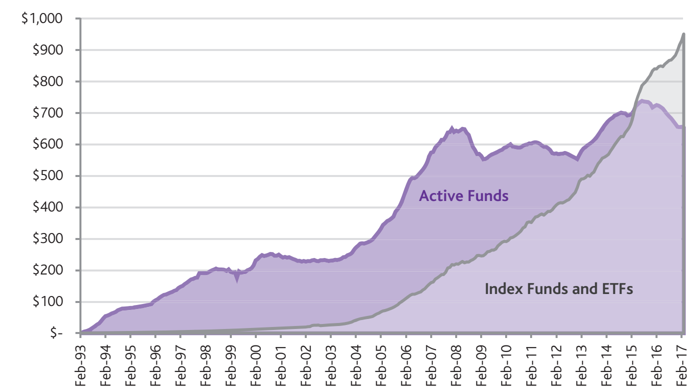
The rising popularity of passive investing in U.S. equities coupled with the need for diversification is one of the big drivers behind the exponential growth of net flows in foreign passive equity products. **However, what is surprising to us is that this expansion has, in large part, come at the expense of active managers despite their strong results and the significant inefficiencies still available in foreign markets.**

After a period of strong growth, the net flows in foreign active equity products slowed down in the first years after the financial crisis. One would think this was only natural since, at the time, investors were flocking toward safer assets after the major indexes dropped by over 60% from their peaks. Well… not entirely so. Flows into index funds and ETFs continued to increase, almost as if nothing had happened. Active products started receiving attention again in 2013, but by 2015 their cumulative inflows since 1993 (when Morningstar's data set starts) had been surpassed by those of passive products. Since mid-2015 investors have been withdrawing funds from active while passive has continued its exponential growth, as seen in the chart below.

Passive Foreign Equity Products Have Become the Preferred Option for U.S. Investors

Cumulative Net Flows in Foreign Equity Products

2/28/1993 – 3/31/2017, in billions



Source: Morningstar Direct and BAMCO, Inc.

Perhaps, because investors have been growing comfortable with passive U.S. equity products, they embraced the passive approach to foreign equities a bit too casually and without considering the value that could be added by active managers. Whatever the reasons behind investors' behavior, we think it is a mistake.

[1] Source: Morningstar Direct. Excludes products tracking single-country indexes.

Morningstar data shows that, as of March 31, 2017, nearly half of active foreign equity managers outperformed their primary benchmark* on a three-year basis, by 171 bps on average. The outperformance rates are better over the long-term – 51% outperformed over five and 10 years. The outperformance rates in the two most popular foreign equity categories were similar. These rates of outperformance are between 1.5-2.5 times higher than those of active managers in U.S. equities, as shown in the table below.

A Significant Portion of Active Foreign Equity Managers Have Outperformed

Historical Track Record of Active Managers in Select Equity Categories

as of 3/31/2017

		Foreign Large Blend	Foreign Large Growth	Foreign Large Value	Diversified Emerging Markets	World Stock	All Foreign Funds	All U.S. Funds
Based on 1-Yr Excess Returns	% Active Funds Outperforming	33%	19%	42%	55%	33%	37%	32%
	Average Excess Return – All Active Funds	–1.43%	–3.03%	–0.39%	0.08%	–1.28%	–1.09%	–1.87%
	Average Excess Return – Outperforming Funds	2.16%	2.41%	3.50%	3.89%	3.75%	3.55%	3.19%
Based on 3-Yr Excess Returns	% Active Funds Outperforming	54%	59%	31%	52%	35%	45%	20%
	Average Excess Return – All Active Funds	–0.14%	0.58%	–0.76%	–0.13%	–1.20%	–0.39%	–2.07%
	Average Excess Return – Outperforming Funds	1.17%	1.85%	1.27%	1.66%	1.64%	1.71%	1.30%
Based on 5-Yr Excess Returns	% Active Funds Outperforming	44%	59%	35%	67%	39%	51%	20%
	Average Excess Return – All Active Funds	–0.31%	0.52%	–0.56%	0.54%	–0.66%	–0.01%	–1.66%
	Average Excess Return – Outperforming Funds	1.22%	1.74%	1.07%	1.71%	1.68%	1.70%	1.04%
Based on 10-Yr Excess Returns	% Active Funds Outperforming	45%	79%	35%	41%	47%	51%	34%
	Average Excess Return – All Active Funds	–0.01%	0.81%	–0.53%	–0.34%	–0.26%	0.07%	–0.64%
	Average Excess Return – Outperforming Funds	1.40%	1.22%	0.66%	1.12%	1.24%	1.39%	1.10%

Source: Morningstar Direct and BAMCO, Inc.

The results from our high-level analysis include all active managers, good and bad.

In our opinion, a meaningful percentage of active foreign equity managers have outperformed and delivered significant excess returns. On the other hand, the hundreds of billions of dollars flowing in passive have received only average returns, missing a significant opportunity to outperform and leaving hundreds of basis points of excess return on the table.

Baron's Approach to Foreign Equity Investing

At Baron, we have three funds that have been investing in foreign equities with even more impressive results (see tables on page 14):

- **Baron International Growth Fund**, which invests mainly in non-U.S. growth companies in developed countries
- **Baron Emerging Markets Fund**, which invests mainly in non-U.S. growth companies in developing countries
- **Baron Global Advantage Fund**, which invests in growth companies around the world

Like every Baron product, all three funds invest with a long-term view, and their primary objective is to generate excess returns driven by positive stock selection. To find great companies, their managers leverage Baron's four main bottom-up investment criteria: (i) significant growth opportunities; (ii) sustainable competitive advantages; (iii) strong, visionary management; and (iv) attractive valuations. To further narrow down the vast opportunity set, they apply additional criteria and overlays that are specific for each Fund. While the portfolio managers are mindful of currency fluctuations, none of the Funds use currency hedging, as our objective is to provide full exposure.

Baron International Growth Fund has been managed by Michael Kass since its inception in December 2008. The portfolio typically consists of 65-80 stocks, with the top 10 by weight representing 24% as of March 31, 2017. Michael takes significant active positions and, as a result, the Fund has an active share of 93%[2] and a three-year tracking error of 4.87%[2] against its primary benchmark, the MSCI ACWI ex USA IMI Growth Index. The charts below show the Fund's absolute and relative exposures by sector and geography.

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[2] As of 3/31/2017

* The calculations are based on excess returns of each fund's oldest share class vs. the primary prospectus benchmark. For the funds with missing primary prospectus benchmark information, excess returns were calculated vs. the secondary prospectus benchmark. For the funds with missing primary and secondary benchmark information, excess returns were calculated vs. the Morningstar category benchmark.

Baron International Growth Fund is Different from its Benchmark

Baron International Growth Fund vs. MSCI ACWI ex USA IMI Growth Index

as of 3/31/2017

Countries	Portfolio Weight	Benchmark Weight	Underweight | Overweight
China	12.0%	6.3%	5.7%
Israel	6.1%	0.6%	5.5%
United States	4.3%	0.0%	4.3%
Spain	4.0%	1.2%	2.8%
India	4.9%	2.1%	2.8%
Argentina	1.5%	0.0%	1.5%
Panama	1.3%	0.0%	1.3%
Brazil	2.8%	1.7%	1.1%
Norway	1.4%	0.5%	0.9%
Ireland	1.3%	0.6%	0.7%
United Kingdom	12.3%	11.7%	0.6%
Chile	0.8%	0.3%	0.5%
Nigeria	0.4%	0.0%	0.4%
Indonesia	0.9%	0.6%	0.3%
Germany	6.3%	6.3%	0.0%
Russia	0.8%	0.9%	-0.1%
France	4.8%	5.8%	-1.0%
Japan	15.6%	16.9%	-1.3%
Netherlands	1.4%	3.2%	-1.8%
Hong Kong	0.5%	2.3%	-1.8%
Australia	3.2%	5.1%	-1.9%
Canada	4.7%	6.6%	-1.9%
Switzerland	2.1%	8.1%	-6.0%
Other Developed	--	7.6%	-7.6%
Other Emerging	--	11.7%	-11.7%

Baron International Growth Fund vs. MSCI ACWI ex USA IMI Growth Index

as of 3/31/2017

Sector	Portfolio Weight	Benchmark Weight	Underweight | Overweight
Info Tech	24.8%	15.4%	9.4%
Financials	11.6%	7.3%	4.3%
Consumer Disc	17.1%	13.6%	3.5%
Energy	5.5%	3.4%	2.1%
Telecom Servs	4.5%	3.0%	1.5%
Industrials	13.8%	14.4%	-0.6%
Utilities	0.3%	1.8%	-1.5%
Real Estate	0.9%	2.6%	-1.7%
Health Care	10.2%	12.8%	-2.6%
Materials	2.3%	8.5%	-6.2%
Consumer Staples	2.4%	17.2%	-14.8%

Source: MSCI and BAMCO, Inc.

Michael's investment approach is a combination of investment themes and fundamental bottom up stock selection. His search for high-quality growth businesses begins with finding defined, long-term actionable themes. This helps him to simultaneously narrow the broad universe of stocks and identify the opportunities with the highest likelihood of the greatest value creation, in his view.

The themes are based on important changes or trends that suggest the potential for a significant improvement in profitability, return on capital, or growth potential, often for an entire industry or group of companies. They fall into two broad categories. The first involve industry-wide trends, such as a shift toward consolidation or vertical integration or technology-driven transformation. The second category involves region- or country-specific trends or developments, which are most often driven by political developments and/or economic, labor, or other policy reforms that present material opportunities to targeted industries or companies. In addition, Michael factors in global macro-economic developments to better balance opportunities and risk.

One of the current themes in the portfolio is the diminishing pool of cheap labor coupled with increasing demand for manufacturing and business productivity. As global labor costs are rising, manufacturers are increasingly turning to industrial automation and robots to enhance productivity. This is especially true throughout Asia, particularly in China. One of Michael's picks that is, in his view, strongly positioned to benefit from this trend is FANUC Corp., a Japanese leading developer and manufacturer of factory robots and automation equipment. The company's strong R&D capabilities and ability to sell integrated solutions (software and robots) to its customers enable it to stay ahead of competition and maintain over 50% market share. Some of the other themes that are currently incorporated in the portfolio are included in the table below.

Sample Investment Themes in Baron International Growth Fund

Theme	Investment Opportunity
Growing market share of e-commerce	Mobile e-commerce allows merchants to eliminate the most capital intensive element of their business: property investment. Market leaders benefit from platform and scale effects suggesting many years of market share gains.
The growing need for supply chain logistics and distribution	With increasing globalization, superior handling of the logistics of the supply and distribution chain that can stretch across countries and continents can provide a key competitive advantage.
Increased regulation and more consumer demand for safer products	The testing and certification industry is benefiting from secular trends that include more stringent regulation, outsourcing of testing, globalization, and growing consumer demand for safe, high quality, green products.

Finding attractive investment themes is only part of the work toward finding the best long-term opportunities for Baron International Growth Fund. Once

Michael has identified companies that could benefit from the themes, he leverages Baron's rigorous bottom-up research process to develop and confirm his investment premises and validate key fundamental criteria. He is particularly focused on finding entrepreneurial managements with significant ownership stakes and strong abilities to allocate capital efficiently. He also looks for companies with high and sustainable operating margins, shareholder-friendly governance, and no direct government control.

This investment approach has delivered consistent, strong results since the inception of the Fund, driven strongly by stock selection. See page 14 of this letter for additional details regarding performance. Michael Kass has been using the same approach to invest in emerging markets, with similar success.

Baron Emerging Markets Fund has been managed by Michael Kass since its inception in December 2010. The portfolio typically consists of 80-100 stocks, with the top 10 by weight representing 21% as of March 31, 2017 Michael takes significant active positions and, as a result, the Fund has an active share of 82%[3] and a 3-year tracking error of 4.82%[3] against its primary benchmark, the MSCI EM IMI Growth Index. The charts below show the Fund's absolute and relative exposures by sector and geography.

Baron Emerging Markets Fund is Different from its Benchmark

Baron Emerging Markets Fund vs. MSCI EM IMI Growth Index

as of 3/31/2017

Countries	Portfolio Weight	Benchmark Weight	Underweight | Overweight
India	15.5%	9.3%	6.2%
Panama	1.7%	0.0%	1.7%
Hong Kong	1.7%	0.0%	1.7%
Argentina	1.7%	0.0%	1.7%
Mexico	5.1%	3.5%	1.6%
Singapore	1.4%	0.0%	1.4%
Philippines	2.3%	1.2%	1.1%
Chile	1.9%	1.1%	0.8%
United Kingdom	0.6%	0.0%	0.6%
United States	0.3%	0.0%	0.3%
Nigeria	0.3%	0.0%	0.3%
Indonesia	2.5%	2.5%	0.0%
China	26.1%	26.7%	-0.6%
Russia	3.0%	3.7%	-0.7%
Thailand	0.7%	2.4%	-1.7%
Malaysia	0.7%	2.5%	-1.8%
Brazil	5.1%	7.0%	-1.9%
South Africa	4.4%	6.6%	-2.2%
Taiwan	8.7%	12.6%	-3.9%
Other Emerging	--	5.5%	-5.5%
Korea	7.6%	15.5%	-7.9%

Baron Emerging Markets Fund vs. MSCI EM IMI Growth Index

as of 3/31/2017

Sector	Portfolio Weight	Benchmark Weight	Underweight | Overweight
Financials	17.2%	12.4%	4.8%
Telecom Servs	5.0%	1.9%	3.1%
Consumer Disc	17.5%	15.0%	2.5%
Energy	4.4%	2.5%	1.9%
Real Estate	2.1%	2.0%	0.1%
Utilities	1.6%	2.1%	-0.5%
Consumer Staples	9.1%	10.5%	-1.4%
Health Care	4.4%	5.9%	-1.5%
Materials	2.8%	5.4%	-2.6%
Industrials	3.4%	6.6%	-3.2%
Info Tech	23.8%	35.5%	-11.7%

Source: MSCI and BAMCO, Inc.

Similarly to Baron International Growth Fund, Michael has been combining investment themes and fundamental bottom up stock picking to manage Baron Emerging Markets Fund. While many of the themes used in these two Funds overlap, there are several specific to emerging markets.

The global policy shift to support domestic consumption and the expansion of the middle class have been changing the consumption patterns and demand for household products, autos, entertainment, travel, and education, among others. One of the Fund's investments that is, in our opinion, positioned to benefit significantly from this secular change is Maruti Suzuki India Ltd., India's largest automobile manufacturer. It has established a leading position, with approximately 47% market share in India. The company has developed strong brand loyalty and distribution and service networks throughout India. As management has increased investment in R&D and production capacity, the company has gained an additional competitive advantage in an industry that is seeing increased demand. We believe this will lead to more than 15% growth in revenues and earnings over the next few years.

Through over 30 years of research and investment experience, Michael has developed a deep understanding of emerging markets and has formed a unique view. As he explains, the first wave of growth and value creation in emerging economies is behind us and we are now in the second stage, which he calls **Emerging Markets 2.0**. From the mid-1980s through 2010, the growth in emerging economies was driven by capital investment in cyclical, commodity-dependent economic sectors. Lending was controlled by governments through state-owned banks while state-owned enterprises held dominant market positions. This resulted in high leverage, inefficient capacity utilization, and declining return on invested capital. The long cycle peaked around 2010, and the aftermath of the financial crisis prompted a wave of policy changes and shift of resources towards the most efficient agents of the emerging economies. This was the beginning of Emerging Markets 2.0, defined by the emphasis on intellectual capital and investment

[3] As of 3/31/2017

into capital-efficient, productivity-enhancing, and value-creating companies and industries. State sectors have been undergoing reforms, private enterprises have had an increasing role, and capital markets have become a valuable resource for financing. All of these changes should lead to slowing credit creation and rising returns on invested capital. The shift has created multiple new investment themes and opportunities, including the ones listed in the table below.

Sample Investment Themes in Baron Emerging Markets Fund

Theme	Investment Opportunity
Diminishing pool of cheap labor plus increasing demand for manufacturing and business productivity	• Enhanced labor productivity and quality control using robotics in manufacturing processes • Larger players will continue to gain market share with increased scale/investment in R&D
Increased role of capital markets in allocating capital	• Significant opportunity for private capital to offer underpenetrated consumer finance products/services • Gov't owned entities/banks lack the expertise and capital to service unmet demand
Meaningful government or political reforms	• Implementation of goods & services tax in India will enhance productivity and growth; organized players will gain market share • Increased focus of Chinese gov't to rationalize industrial overcapacity to improve efficiency/ROIC

In our view, this approach has made the Fund highly unique and distinct from peers. What is also important is that it has been highly successful, as you can see in the tables on page 14.

Baron Global Advantage Fund has been managed by Alex Umansky since its inception in April 2012 and will be five years old in a couple of weeks. The portfolio typically consists of 40-50 positions to avoid over diversification, with the top 10 by weight representing 45% as of March 31, 2017. With an active share of 91%[4] and a three-year tracking error of 8.82%[4], the Fund is highly differentiated from its benchmark, the MSCI ACWI Growth Index. This is as a result of the manager's bottom-up stock selection process and conviction-based weighting, while sector and country weights tend to be an outcome rather than a target.

Baron Global Advantage Fund is Different from its Benchmark

Baron Global Advantage Fund vs. MSCI ACWI Growth Index
as of 3/31/2017

Sector	Portfolio Weight	Benchmark Weight	Underweight | Overweight
Info Tech	48.6%	23.6%	25.0%
Consumer Disc	26.4%	16.9%	9.5%
Financials	7.1%	6.1%	1.0%
Utilities	--	0.9%	-0.9%
Energy	2.3%	3.9%	-1.6%
Telecom Servs	--	1.7%	-1.7%
Real Estate	--	2.6%	-2.6%
Health Care	9.3%	14.2%	-4.9%
Materials	--	5.2%	-5.2%
Industrials	--	12.3%	-12.3%
Consumer Staples	--	12.7%	-12.7%

Baron Global Advantage Fund vs. MSCI ACWI Growth Index
as of 3/31/2017

Countries	Portfolio Weight	Benchmark Weight	Underweight | Overweight
China	17.7%	3.0%	14.7%
Israel	8.0%	0.2%	7.8%
South Africa	4.5%	0.7%	3.8%
India	2.7%	0.9%	1.8%
Argentina	1.7%	0.0%	1.7%
Netherlands	2.2%	1.6%	0.6%
Canada	3.5%	3.0%	0.5%
Brazil	1.1%	0.8%	0.3%
Taiwan	1.1%	1.3%	-0.2%
United Kingdom	1.9%	5.4%	-3.5%
Other Emerging	--	4.1%	-4.1%
United States	48.0%	53.9%	-5.9%
Japan	1.3%	7.5%	-6.2%
Other Developed	--	17.5%	-17.5%

Source: MSCI and BAMCO, Inc.

[4] As of 3/31/2017

In Alex's opinion, digitization is the most pervasive shift affecting businesses globally. Information that was previously stored in a variety of formats is being converted into digital so it can be easily analyzed and accessed. The digital transformation has been prompted by meaningful advancements in artificial intelligence and machine learning. Alex believes this transformation will reach a tipping point in the next few years. As digital disruptors increasingly undermine the business models of digital laggards, the pressure on enterprises to undergo a digital transformation is growing.

As businesses are becoming more digitized, their interaction with consumers is fundamentally changing, disrupting existing business models and opening space for brand new ones. The rapidly growing penetration of mobile technologies and the internet is giving companies access to huge and diverse addressable markets, and those that can grasp the opportunity can create significant long-lasting strategic and competitive advantages.

The disruptive rate of digital transformation opens new investment opportunities and closes others. This is very important to understand, especially when investing for the long term. Through 25 years of investment experience, Alex has learned to put a particularly strong emphasis on sustainability of competitive advantages when analyzing current or potential investments. He also focuses on free cash flow yield, returns on invested capital, and management's ability to reinvest excess capital at high rates of return over extended periods of time.

Alex believes that platform companies that are beneficiaries of scalable network effects and have large addressable markets have the best growth opportunities in the world today. Companies such as Alibaba Group Holding Limited and Naspers Limited have built platforms others can use to easily connect their businesses, market and sell their products and services, and co-create value. Alex has a high conviction that platform businesses are among the best positioned to benefit from secular long-term global growth opportunities. However, he makes an important distinction between **emerged** platform companies, which have clear benefits of network effects, and **emerging** companies, which have a significant opportunity to become platforms. The first group includes 16 companies in the portfolio, like Illumina, Inc. and JUST EAT plc, and represents 49% of the Fund's assets[5]. These companies have inherently diversified businesses, which helps to mitigate their risk. The second group also includes over a dozen investments, like Taiwan Semiconductor Manufacturing Company Ltd and Check Point Software Technologies Ltd, and represents 21% of the Fund's assets[5]. These companies tend to be in earlier growth-stages and sometimes experience higher short-term volatility.

While 70% of the Fund's assets are invested in platform companies, this group is also highly diverse in terms of stage of business growth, product type, customer base, and geographic source of revenues, to name a few, which provides an attractive balance of risks and opportunities. Currently, 16 of the Fund's platform businesses are classified in the Information Technology sector and the other 13 are classified in Consumer Discretionary, Health Care, and Financials. In our opinion, this investment approach makes Baron Global Advantage Fund unique among its peer group.

Alex looks for high growth both on a global scale and in local markets, which is another distinctive characteristic of his investment approach. Emerging economies and China in particular offer significant opportunities, in his view. After decades of rapid economic growth (that still continues), today China is the second largest economy in the world, representing 15.5% of the global GDP. At the same time, the economy has been in an ongoing transition from manufacturing-driven to services-driven and governance and reform have been improving steadily. Spending on new infrastructure, like roads and communication networks, has been rising and the quality of education has been improving. All of these have been facilitating the expansion of the middle class which, in turn, has shifted consumer interests and spending patterns.

While some investors may perceive this environment as risky, Alex has identified some attractive opportunities whose potential long-term returns, he believes, outweigh the risks. As a result, nearly 18% of Baron Global Advantage Fund's assets are invested in Chinese companies. Investments include Alibaba Group Holding Ltd. (the Amazon of China), Ctrip.com Intl. (the Priceline of China), and TAL Education Group (a leading, rapidly-expanding K-12 tutoring company). On the other hand, MSCI's index methodology is not designed to reflect a country's economic significance or growth potential and, as a result, China represents only 3% in the MSCI ACWI Growth Index. Thus, the Fund has a significant overweight in this country.

[5] As of 3/31/2017

Track Record of the International Baron Funds

Following their respective investment approaches, the three Baron Funds have generated outstanding excess returns, driven by superior stock selection. The table below shows that we generated significant stock specific returns over the one-, three-, and five-year periods ending March 31, 2017 and since inception.

The International Baron Funds Have Delivered Outstanding Results Due to Stock Selection

Annualized Returns as of 3/31/2017

Fund Name		**Baron International Growth Fund**	**Baron Emerging Markets Fund**	**Baron Global Advantage Fund**
Primary Prospectus Benchmark		MSCI AC World ex USA IMI Growth Index	MSCI EM IMI Growth Index	MSCI All Country World Growth Index
1-Year	Fund Return	13.55%	16.64%	21.94%
	Excess Return vs. Primary Benchmark	4.02%	0.95%	8.95%
	Excess Return From Stock Specific Effect	7.63%	2.27%	13.93%
3-Year	Fund Return	3.02%	2.19%	5.92%
	Excess Return vs. Primary Benchmark	1.33%	0.26%	–0.37%
	Excess Return From Stock Specific Effect	6.93%	2.29%	7.30%
5-Year	Fund Return	6.65%	5.94%	n/a
	Excess Return vs. Primary Benchmark	1.60%	3.49%	n/a
	Excess Return From Stock Specific Effect	5.33%	5.39%	n/a
Since Inception	Fund Return	11.32%	4.01%	10.46%
	Excess Return vs. Primary Benchmark	2.59%	3.56%	1.31%
	Excess Return From Stock Specific Effect	5.29%	4.70%	5.22%

Source: BAMCO, Inc. and MSCI.

The Annual expense ratio for the Institutional Shares as of December 31, 2016 for Baron International Growth Fund was 1.36%, but the net annual expense ratio was 1.25% (net of the Adviser's fee waivers), for Baron Emerging Markets it was 1.13% and for Baron Global Advantage Fund it was 3.55%, but the net annual expense ratio was 1.25% (net of the Adviser's fee waivers).

Notes: Fund inception dates: Baron International Growth Fund – 12/31/2008, Baron Emerging Markets Fund – 12/31/2010, Baron Global Advantage Fund – 4/30/2012. Fund returns and excess returns vs. primary benchmark are based on each Fund's Institutional Share class performance. ***Stock specific effects*** *are the result of the Funds' factor-based performance attributions versus their respective benchmarks.* ***Factor-based performance attribution*** *is the process of attributing excess performance to different factors or groups of factors using a multi-factor model (in this case the MSCI Barra GEM2-L model, see page 15 for more information). It allows for the assessment of sources of returns based on several return components, including style return, country return, currency return, industry return, and stock specific returns. The proportion of excess return that is not attributed to these components or common factors (countries, industries, currencies, and styles) is attributed to company-specific sources or events. In this letter, this is referred to as "Excess Return From Stock Specific Effect". The calculations above are transaction-based and are produced from the underlying security-level data.*

In addition, our strong relative results have been highly persistent over time, particularly over the medium and long terms, as shown in the table below.

The International Baron Funds Have Performed Better Than Peer Group Average

Historical Track Record of the International Baron Funds as of 3/31/2017

			Baron International Growth Fund	**Baron Emerging Markets Fund**	**Baron Global Advantage Fund**
1-Year Monthly Rolling Excess Returns	Fund	% of Time Outperformance	82%	78%	56%
		Average Excess Return	2.71%	3.94%	1.37%
	Category Average	% of Time Outperformance	61%	52%	46%
		Average Excess Return	0.44%	–0.10%	–0.03%
3-Year Monthly Rolling Excess Returns	Fund	% of Time Outperformance	100%	95%	67%
		Average Excess Return	2.16%	4.58%	0.56%
	Category Average	% of Time Outperformance	85%	58%	50%
		Average Excess Return	0.73%	0.15%	–0.09%
5-Year Monthly Rolling Excess Returns	Fund	% of Time Outperformance	100%	100%	n/a
		Average Excess Return	2.20%	4.08%	n/a
	Category Average	% of Time Outperformance	100%	81%	n/a
		Average Excess Return	0.73%	0.15%	n/a

Source: Morningstar Direct.

The % of time outperformance rates for each Fund and the corresponding category average are calculated since each Fund's inception date until 3/31/2017. Fund inception dates: Baron International Growth Fund – 12/31/2008; Baron Emerging Markets Fund – 12/31/2010; Baron Global Advantage Fund – 4/30/2012.

Baron International Growth Fund's primary benchmark is the MSCI AC World ex USA IMI Growth Index; Baron Emerging Markets Fund's primary benchmark is the MSCI EM IMI Growth Index; Baron Global Advantage Fund's primary benchmark is MSCI All Country World Growth Index. Baron International Growth Fund's Morningstar category is US Fund Foreign Large Growth; Baron Emerging Markets Fund's Morningstar category is US Fund Diversified Emerging Mkts; Baron Global Advantage Fund's Morningstar category is US Fund World Stock.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.

We think investors are selling themselves short when they invest in passive products, especially in the foreign asset classes. There are many inefficiencies which can be capitalized on by skilled active managers. Since the inception of our international Funds, our investment team has been uncovering inefficiencies and achieving strong results as evidenced by the Funds' superior batting averages, as shown in the table above.

Sincerely,

Linda S. Martinson
Chairman, President, and COO
April 20, 2017

Inside the Baron Funds Investor, Spring 2017

In our latest Baron Investor piece, Baron Asset Fund Portfolio Manager Andrew Peck describes his distinctive approach to investing in mid-cap growth companies. To read, please go to www.BaronFunds.com.

The discussion of market trends and companies are not intended as advice to any person regarding the advisability of investing in any particular security. Some of our comments are based on current management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change any time based on market and other conditions, and we have no obligation to update them.

Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation.

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Baron Global Advantage Fund's historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

Portfolio holdings as a percentage of net assets as of March 31, 2017 for securities mentioned are as follows: **FANUC Corp.** – Baron International Growth Fund (1.9%); **Maruti Suzuki India Ltd.** – Baron International Growth Fund (1.1%), Baron Emerging Markets Fund (1.4%); **Alibaba Group Holding Limited** – Baron Opportunity Fund (2.1%), Baron Fifth Avenue Growth Fund (6.6%), Baron International Growth Fund (2.1%), Baron Emerging Markets Fund (3.5%), Baron Global Advantage Fund (6.4%); **Naspers Limited** – Baron Fifth Avenue Growth Fund (2.8%), Baron Global Advantage Fund (4.5); **Illumina, Inc.** – Baron Asset Fund (2.2%), Baron Opportunity Fund (1.4%), Baron Fifth Avenue Growth Fund (3.5%), Baron Global Advantage Fund (2.1%); **JUST EAT plc.** – Baron International Growth Fund (0.7%), Baron Global Advantage Fund (1.9%), Baron Discovery Fund (2.1%); **Taiwan Semiconductor Manufacturing Company Ltd.** – Baron Emerging Markets Fund (2.1%), Baron Global Advantage Fund (1.1%); **Check Point Software Technologies Ltd.** – Baron International Growth Fund (1.6%), Baron Global Advantage Fund (1.2%); **Ctrip.com International, Ltd.** – Baron Opportunity Fund (1.5%), Baron Fifth Avenue Growth Fund (3.0%), Baron International Growth Fund (1.0%), Baron Emerging Markets Fund (1.4%), Baron Global Advantage Fund (4.4%); **TAL Education Group** – Baron International Growth Fund (1.3%), Baron Emerging Markets Fund (1.6%), Baron Global Advantage Fund (3.6%).

Portfolio holdings may change over time.

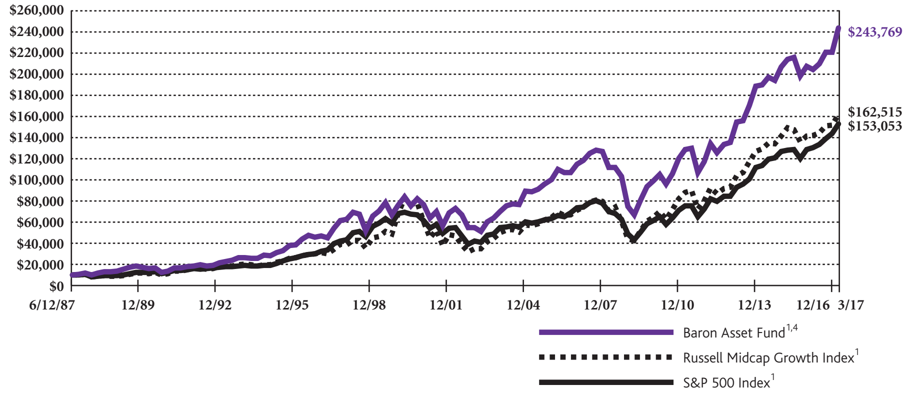
The Fund may not achieve its objectives. Current and future portfolio holdings are subject to risk.

Definitions (provided by BAMCO, Inc.): **MSCI ACWI ex USA IMI Growth Index** is an unmanaged, free float-adjusted market capitalization weighted index. It measures the performance of large, mid, and small-cap growth securities across developed and developing markets, excluding the U.S. **MSCI EM IMI Growth Index** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 23 Emerging Markets countries. The index returns reflect the reinvestment of dividends and other earnings, which positively impact performance results. **MSCI ACWI Growth Index** is unmanaged free float-adjusted market capitalization weighted index designed to measure the performance of large- and mid-cap securities classified as growth in the developed and emerging markets. **Active Share** a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management. **Tracking Error** measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns. **Alpha** measures the difference between a fund's actual return and its expected performance, given it's level of risk as measured by beta. **MSCI Barra's GEM2-L model:** The Barra Global Equity Model 2 – Long (GEM2-L) is a multi-factor regression model that decomposes local excess stock returns into a systematic component (due to factors) and a stock-specific component. The model covers about 45,000 stocks across all geographies (including U.S. stocks). A factor is any characteristic of a stock (such as its size or its forecast earnings growth) that explains its risk and expected return. The equity factor set in GEM2-L includes a world market factor, 55 country factors, 34 industry factors, and 8 style factors (growth, value, financial leverage, size, size non-linearity, volatility, momentum, and liquidity). Factor returns can be estimated on a daily, weekly, or monthly basis.

Baron Funds Performance

Baron Asset Fund

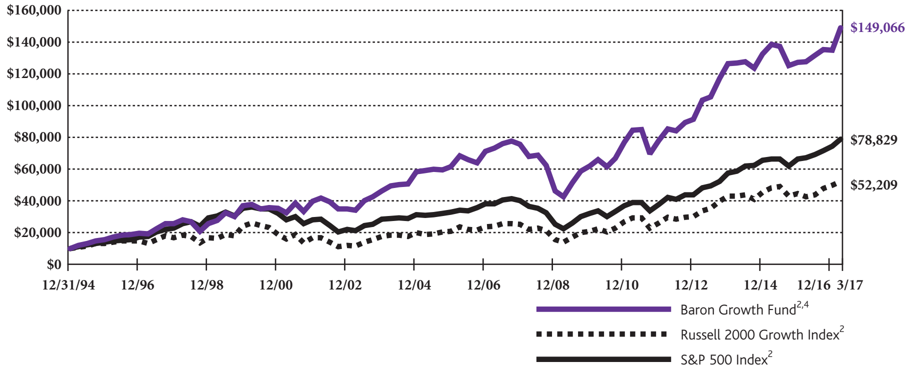
Comparison of the change in value of $10,000 investment in Baron Asset Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Asset Fund's annualized returns as of March 31, 2017: 1-year, 19.15%; 3-year, 8.64%; 5-year, 12.69%; 10-year, 7.48%; and Since Inception, 11.31%.

Baron Growth Fund

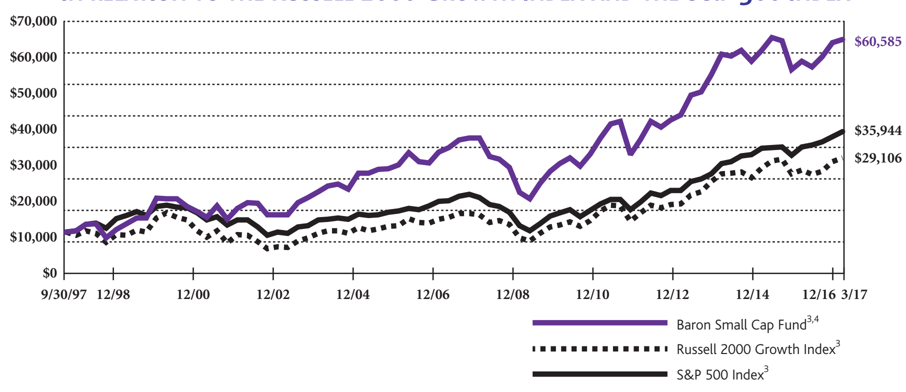
Comparison of the change in value of $10,000 investment in Baron Growth Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Growth Fund's annualized returns as of March 31, 2017: 1-year, 17.01%; 3-year, 5.54%; 5-year, 11.83%; 10-year, 7.40%; and Since Inception, 12.91%.

Baron Small Cap Fund

Comparison of the change in value of $10,000 investment in Baron Small Cap Fund (Institutional Shares)† in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Small Cap Fund's annualized returns as of March 31, 2017: 1-year, 23.07%; 3-year, 5.36%; 5-year, 10.78%; 10-year, 7.25%; and Since Inception, 9.68%.

1 The indexes are unmanaged. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Asset Fund are with dividends, which positively impact the performance results.

2 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Growth Fund are with dividends, which positively impact the performance results.

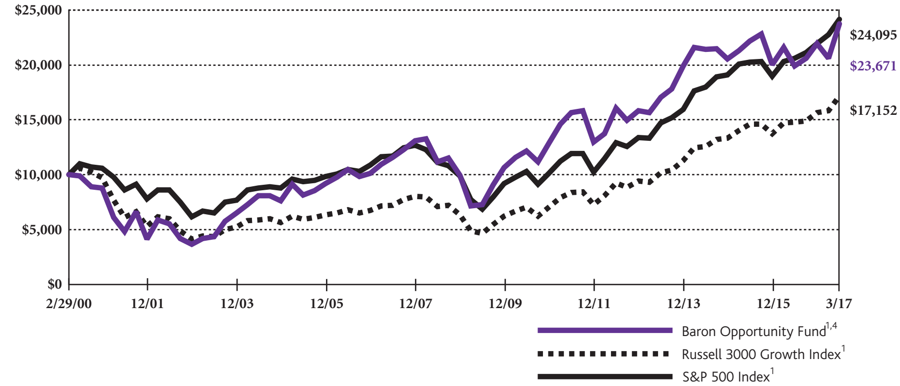
3 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Small Cap Fund are with dividends, which positively impact the performance results.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

† Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

Baron Opportunity Fund

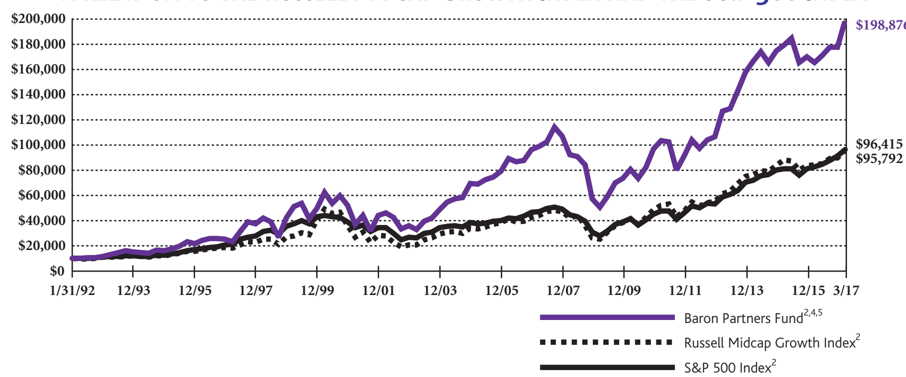
Comparison of the change in value of $10,000 investment in Baron Opportunity Fund (Institutional Shares)† in relation to the Russell 3000 Growth Index and the S&P 500 Index



Baron Opportunity Fund's annualized returns as of March 31, 2017: 1-year, 19.09%; 3-year, 3.47%; 5-year, 8.10%; 10-year, 7.46%; and Since Inception, 5.17%.

Baron Partners Fund

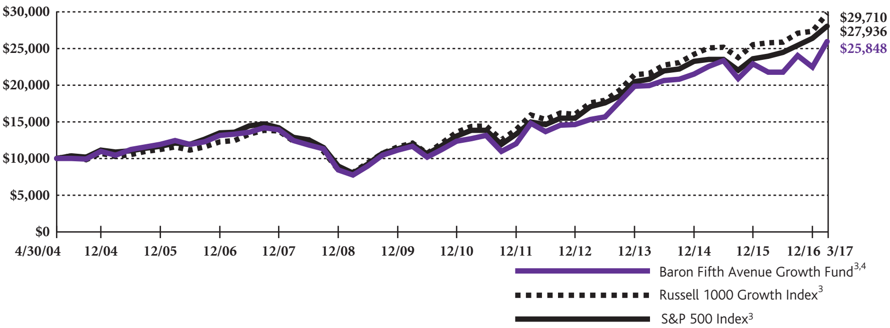
Comparison of the change in value of $10,000 investment in Baron Partners Fund (Institutional Shares)† in relation to the Russell Midcap Growth Index and the S&P 500 Index



Baron Partners Fund's annualized returns as of March 31, 2017: 1-year, 20.15%; 3-year, 6.16%; 5-year, 13.84%; 10-year, 7.25%; and Since Inception, 12.62%.

Baron Fifth Avenue Growth Fund

Comparison of the change in value of $10,000 investment in Baron Fifth Avenue Growth Fund (Institutional Shares)† in relation to the Russell 1000 Growth Index and the S&P 500 Index



Baron Fifth Avenue Growth Fund's annualized returns as of March 31, 2017: 1-year, 19.00%; 3-year, 9.20%; 5-year, 11.87%; 10-year, 6.92% and Since Inception, 7.63%.

1 The indexes are unmanaged. The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Opportunity Fund are with dividends, which positively impact the performance results.

2 The indexes are unmanaged. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Partners Fund are with dividends, which positively impact the performance results.

3 The indexes are unmanaged. The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Fifth Avenue Growth Fund are with dividends, which positively impact the performance results.

4 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

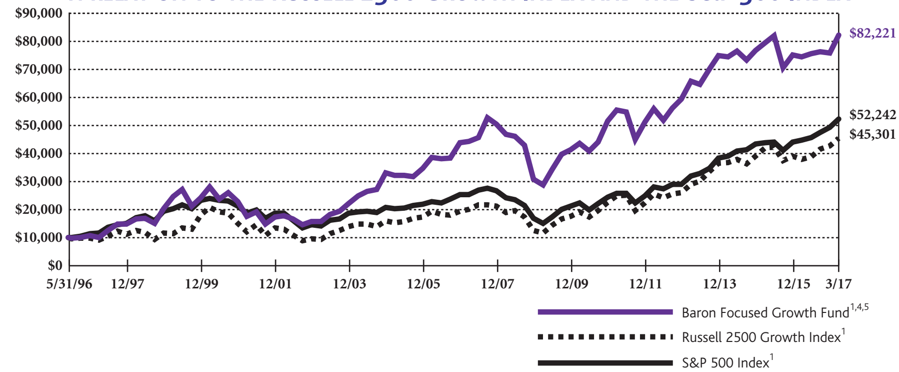
5 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

† Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

Baron Funds Performance

Baron Focused Growth Fund

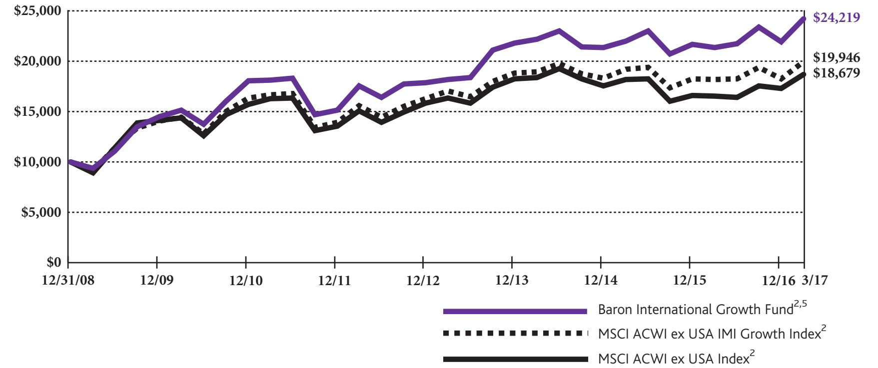
Comparison of the change in value of $10,000 investment in Baron Focused Growth Fund (Institutional Shares)† in relation to the Russell 2500 Growth Index and the S&P 500 Index



Baron Focused Growth Fund's annualized returns as of March 31, 2017: 1-year, 10.52%; 3-year, 3.38%; 5-year, 8.07%; 10-year, 6.38%; and Since Inception, 10.64%.

Baron International Growth Fund

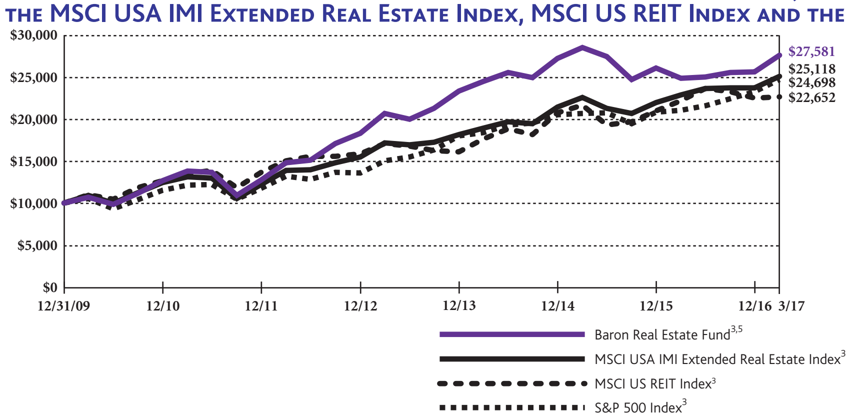
Comparison of the change in value of $10,000 investment in Baron International Growth Fund (Institutional Shares)† in relation to the MSCI ACWI ex USA IMI Growth Index and the MSCI ACWI ex USA Index



Baron International Growth Fund's annualized returns as of March 31, 2017: 1-year, 13.55%; 3-year, 3.02%; 5-year, 6.65%; and Since Inception, 11.32%.

Baron Real Estate Fund

Comparison of the change in value of $10,000 investment in Baron Real Estate Fund (Institutional Shares) in relation to the MSCI USA IMI Extended Real Estate Index, MSCI US REIT Index and the S&P 500 Index



Baron Real Estate Fund's annualized returns as of March 31, 2017: 1-year, 10.87%; 3-year, 4.07%; 5-year, 13.25%; and Since Inception, 15.02%.

1 The indexes are unmanaged. The Russell 2500™ Growth Index measures the performance of small to medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Focused Growth Fund are with dividends, which positively impact the performance results.

2 The MSCI ACWI ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. The MSCI ACWI ex USA IMI Growth Index Net USD measures the performance of large, mid and small cap growth securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA Index Net USD measures the equity market performance of large and mid cap securities across developed and emerging markets, excluding the United States. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

3 The indexes are unmanaged. The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and Baron Real Estate Fund are with dividends, which positively impact performance results.

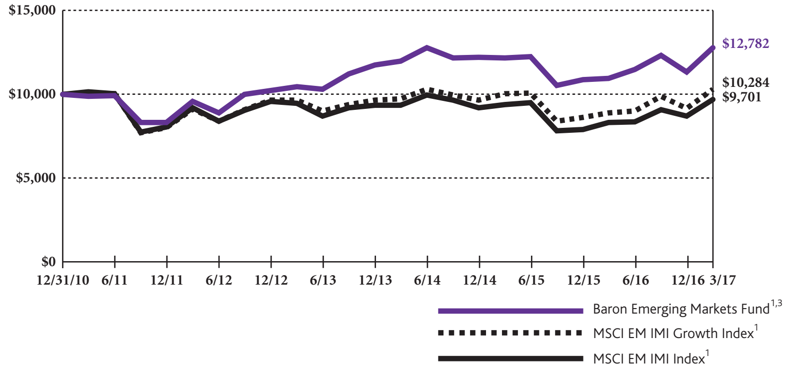
4 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

5 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

† Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

Baron Emerging Markets Fund

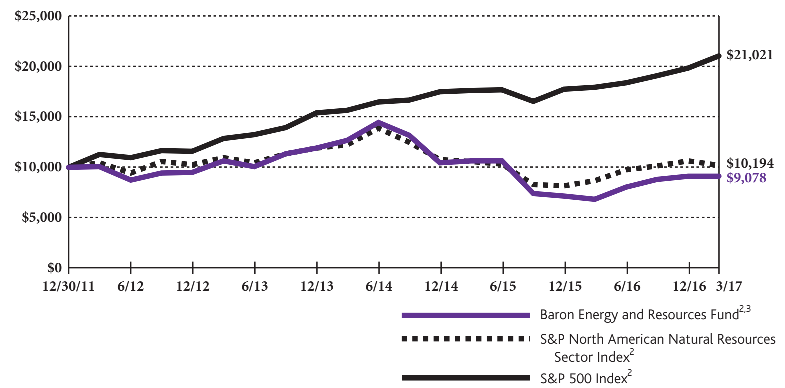
Comparison of the change in value of $10,000 investment in Baron Emerging Markets Fund (Institutional Shares) in relation to the MSCI EM IMI Growth Index and the MSCI EM IMI Index



Baron Emerging Markets Fund's annualized returns as of March 31, 2017: 1-year, 16.64%; 3-year, 2.19%; 5-year, 5.94%; and Since Inception, 4.01%.

Baron Energy and Resources Fund

Comparison of the change in value of $10,000 investment in Baron Energy and Resources Fund (Institutional Shares) in relation to the S&P North American Natural Resources Sector Index and the S&P 500 Index



Baron Energy and Resources Fund's annualized returns as of March 31, 2017: 1-year, 32.99%; 3-year, (10.52)%; 5-year, (1.99)%; and Since Inception (1.83)%.

1 The MSCI EM (Emerging Markets) indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. The MSCI EM (Emerging Markets) IMI Growth Index Net USD and the MSCI EM (Emerging Markets) IMI Index Net USD are designed to measure equity market performance of large, mid and small cap securities in the emerging markets. The MSCI EM (Emerging Markets) IMI Growth Index Net USD screens for growth-style securities. The indexes and Baron Emerging Markets Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

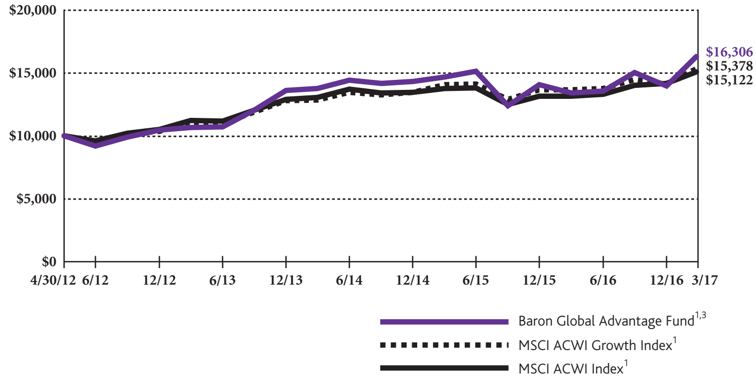
2 The S&P indexes cited are unmanaged. The S&P 500 North American Natural Resources Sector Index measures the performance of U.S.-traded natural resources-related stocks, including mining, energy, paper and forest products, and plantation owning companies. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and Baron Energy and Resources Fund are with dividends, which positively impact the performance results.

3 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Baron Funds Performance

Baron Global Advantage Fund

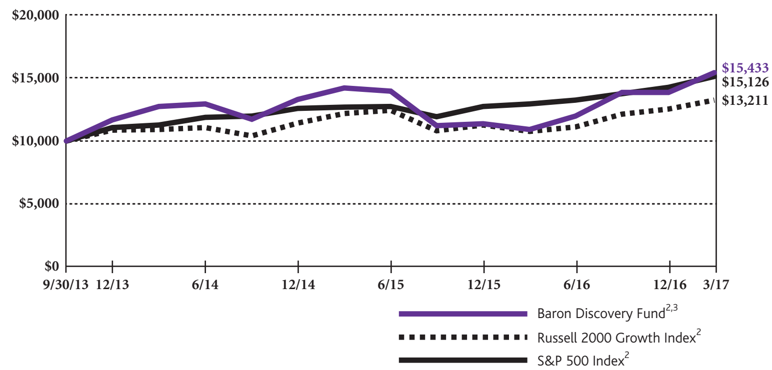
Comparison of the change in value of $10,000 investment in Baron Global Advantage Fund (Institutional Shares) in relation to the MSCI ACWI Growth Index and the MSCI ACWI Index



Baron Global Advantage Fund's annualized returns as of March 31, 2017: 1-year, 21.94%; 3-year, 5.92%; and Since Inception, 10.46%.

Baron Discovery Fund

Comparison of the change in value of $10,000 investment in Baron Discovery Fund (Institutional Shares) in relation to the Russell 2000 Growth Index and the S&P 500 Index



Baron Discovery Fund's annualized returns as of March 31, 2017: 1-year, 41.98%; 3-year, 6.63%; and Since Inception, 13.20%.

1 The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. The MSCI ACWI Growth Index Net USD measures the equity market performance of large and mid cap growth securities across developed and emerging markets. The MSCI ACWI Index Net USD measures the equity market performance of large and mid cap securities across developed and emerging markets. The indexes and the Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

2 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and Baron Discovery Fund are with dividends, which positively impact the performance results.

3 Past performance is not predictive of future performance. The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

Dear Baron Asset Fund Shareholder:

Performance

During the quarter ended March 31, 2017, U.S. stocks continued their post-election rally. However, the markets witnessed a reversal of the so-called 'Trump Trade.' Many of the companies and sectors that performed best in the immediate aftermath of the surprise election results trailed the broader market. Investors presumably remained optimistic that the likely policies of the Trump administration would foster accelerated economic growth. But investors were forced to temper their excitement about a near-term increase in infrastructure spending and a sweeping replacement of the Affordable Care Act. Against this backdrop, Baron Asset Fund (the "Fund") performed well. The Fund's Retail Shares gained 10.07% and its Institutional Shares gained 10.17%. The Russell Midcap Growth Index (the "Index") gained 6.89%, and the S&P 500 Index gained 6.07%.

ANDREW PECK

PORTFOLIO MANAGER

Retail Shares: BARAX
Institutional Shares: BARIX
R6 Shares: BARUX

The Fund's investments that performed best included those in the Health Care, Consumer Discretionary, Information Technology (IT), and Real Estate sectors. The Fund's largest holding, veterinary diagnostic firm **IDEXX Laboratories, Inc.**, was the biggest driver in Health Care, increasing nearly 32%. In addition, the Fund's investments in the life sciences tools & services sub-industry did well, notably **Illumina, Inc.**, the leader in next generation DNA sequencing, and **Mettler-Toledo International, Inc.**, a manufacturer of weighing devices. Strength in Consumer Discretionary was mostly attributable to the outperformance of ski resort operator **Vail Resorts, Inc.**, online travel agency **The Priceline Group, Inc.**, and jeweler **Tiffany & Co.**, whose share prices were all up 20% or more in the quarter. Within IT, the Fund's application software holdings outperformed. These included **Mobileye N.V.**, the leader in automated driving technology that was purchased by Intel Corp., **Guidewire Software, Inc.**, which serves the insurance industry, **ANSYS, Inc.**, which makes product simulation software, and **SS&C Technologies Holdings, Inc.**, which makes software for financial services firms. Real Estate investments also outperformed after increasing almost 12% in the quarter. Tower operator **SBA Communications Corp.**, which was reclassified into this sector during the quarter, and **Equinix, Inc.**, which owns and operates data centers, both gained on good operating results.

Industrials sector investments were the only detractors from relative results, mainly as a result of the underperformance of **Verisk Analytics, Inc.**, which provides information about risk to the insurance, financial services, and energy industries, and **Westinghouse Air Brake Technologies Corporation (Wabtec)**, which provides components to the global rail industry. In addition, as discussed below, several investments detracted from the Fund's results after reporting quarterly results that did not fully meet investor expectations. These included the online real estate service **Zillow Group, Inc.** and automotive aftermarket parts retailer **Advance Auto Parts, Inc.**

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Asset Fund Retail Shares[1,2]	Baron Asset Fund Institutional Shares[1,2,3]	Russell Midcap Growth Index[1]	S&P 500 Index[1]
Three Months[5]	10.07%	10.17%	6.89%	6.07%
One Year	18.82%	19.15%	14.07%	17.17%
Three Years	8.34%	8.64%	7.88%	10.37%
Five Years	12.37%	12.69%	11.95%	13.30%
Ten Years	7.25%	7.48%	8.13%	7.51%
Fifteen Years	8.21%	8.36%	8.57%	7.09%
Since Inception (June 12, 1987)	11.23%	11.31%	9.83%[4]	9.59%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2016 was 1.31% and 1.04%, respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

1 The indexes are unmanaged. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.
2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.
3 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.
4 For the period June 30, 1987 to March 31, 2017.
5 Not annualized.

BARON FUNDS 1987

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Year Acquired	Percent Impact
IDEXX Laboratories, Inc.	2006	1.88%
Vail Resorts, Inc.	1997	0.93
Illumina, Inc.	2012	0.63
Mettler-Toledo International, Inc.	2008	0.61
Arch Capital Group Ltd.	2003	0.44

Shares of veterinary diagnostics manufacturer **IDEXX Laboratories, Inc.** rose after the company reported impressive financial results. We believe the company's competitive position is as strong as it has ever been. Quarterly results were highlighted by accelerated organic growth, robust placements of its new diagnostic instrument, and improved price realization. Results also demonstrated healthy margin expansion, which is finally apparent in financial results after several years of intensive investment. Management also dramatically accelerated share repurchases, spending $250 million in the quarter to repurchase 2% of company shares. Looking forward, we expect IDEXX to achieve sustained double-digit constant currency organic growth during the next several years, driven by productivity benefits from its move to a direct U.S. sales force, the company's persistent innovation pipeline, and returns on its intensive investment in international markets.

Shares of ski resort owner **Vail Resorts,** Inc. gained in the aftermath of strong recent results, highlighted by increased skier visitation to its properties and higher average spending levels by those visitors. We believe Vail's recent acquisitions of ski resorts Whistler Blackcomb, Park City, and Perisher will allow Vail to make wise investments to improve those properties. We expect this to result in ongoing increases in season ski pass sales, which help insulate Vail's earnings from poor snowfall seasons and lead to improved cash flow.

Shares of **Illumina, Inc.**, the leading provider of DNA sequencing instruments and consumables, bounced back after performing poorly in 2016. In January, Illumina announced a new high throughput sequencing platform called the NovaSeq, which the company believes will create a meaningful replacement opportunity for its existing customer base and open exciting new applications for DNA sequencing. We continue to believe Illumina has a long runway for growth driven by its dominant competitive position in a market that we believe will be driven by increased adoption of DNA sequencing in clinical markets, such as cancer screening, diagnosis, and treatment.

Mettler-Toledo International, Inc. is the world's largest provider of weighing instruments for use in laboratory, industrial, and food retailing applications. Shares gained after the company reported strong quarterly results and increased its earnings guidance for 2017. Mettler-Toledo experienced particular strength in China, where sales grew at a mid-teens rate, and it also had continued success in raising its prices at modest, but consistent, rates. We believe Mettler-Toledo is exceptionally well managed, and we expect it to continue compounding earnings at attractive rates.

Arch Capital Group Ltd. is a Bermuda-based specialty insurance and reinsurance company. Arch gained on good financial results, as its profitable underwriting, modest catastrophe losses, and favorable reserve development drove mid-teens growth in its book value per share. The shares also benefited from growth in its mortgage insurance segment and its successful recent acquisition of United Guaranty. This acquisition makes Arch the largest provider of private mortgage insurance, a market that we believe has attractive profitability and growth prospects.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Year Acquired	Percent Impact
Zillow Group, Inc.	2015	-0.10%
Westinghouse Air Brake Technologies Corporation	2013	-0.08
Advance Auto Parts, Inc.	2016	-0.07
CarMax, Inc.	2004	-0.07
T. Rowe Price Group, Inc.	2004	-0.07

Zillow Group, Inc. is the leading domestic online real estate company. After performing well in 2016, its shares declined after the company reported a 2017 outlook that fell short of Wall Street expectations. We continue to believe that several products launched at the end of 2016 and early this year will start to have a positive impact on Zillow's revenue growth during 2017. Zillow is the leader in the highly-fragmented market for real estate advertising, which we believe will continue to rapidly migrate online, and we believe there remains room for the company to grow meaningfully.

Westinghouse Air Brake Technologies Corporation (Wabtec) is the leading manufacturer of equipment for railroad safety and productivity improvement. Its shares fell after the company reported 2016 results that missed investor expectations as a result of the slow recovery from a trough in the freight rail market. We believe early indicators are pointing to stabilization in this market. Further, we think Wabtec should grow nicely through its recent acquisition of Faiveley Transport, a transformative deal that can potentially provide significant growth and accretion opportunities.

Shares of automotive aftermarket parts retailer **Advance Auto Parts, Inc.** fell on concerns that mild winter weather and delayed tax refunds would weigh on near-term results. In addition, worries of increased online competition pressured the auto parts retail sector. The company also reported fourth quarter 2016 results that were ahead of Wall Street expectations on sales but lagged on margins. We believe the company's new management team has a sensible plan in place that has the potential to translate to accelerated revenue growth and improved profitability.

Shares of the country's leading used car retailer **CarMax, Inc.** were down on concerns that excess supply of used vehicles entering the wholesale market could result in lower prices on used car dealers' lots. We believe this trend has the potential to benefit CarMax by driving traffic to its stores, while helping the company maintain strong margins through lower car acquisition costs. With a low single-digit share of a vast, fragmented market, and a growing store base, we believe CarMax is poised to potentially deliver industry-leading sales and earnings growth over the next several years.

Shares of investment manager **T. Rowe Price Group, Inc.** declined as the asset management industry faced ongoing pressure from its clients on fees and the ongoing shift towards passive investments and income-oriented products. The company's asset flows have been negative for three quarters and certain retirement products saw their first net outflows. We believe this high quality manager has the ability to navigate the current industry headwinds and benefit from potential industry consolidation.

Portfolio Structure

At March 31, 2017, Baron Asset Fund held 56 positions. The Fund's 10 largest holdings represented 42.6% of assets, and the 20 largest represented 63.7% of assets. The Fund's largest weighting was in the Information Technology (IT) sector at 22.6% of assets. This sector includes software companies, IT consulting firms, and data processing firms. The Fund held 22.0% of its assets in the Health Care sector, which includes investments in life sciences tools & services companies, health care equipment and supplies companies, and health care distributors. The Fund held 17.2% of its assets in the Financials sector, which includes investments in insurance companies, investment brokers and financial exchanges. The Fund also had significant weightings in Industrials at 15.3% of assets and Consumer Discretionary at 13.4% of assets.

Table IV.
Top 10 holdings as of March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Net Assets
IDEXX Laboratories, Inc.	2006	$2.5	$13.6	$179.5	6.7%
Gartner, Inc.	2007	2.9	9.0	167.4	6.2
Vail Resorts, Inc.	1997	0.2	7.7	139.1	5.2
Arch Capital Group Ltd.	2003	0.9	11.7	120.8	4.5
Mettler-Toledo International, Inc.	2008	2.4	12.4	119.7	4.5
Verisk Analytics, Inc.	2009	4.0	13.5	105.5	3.9
The Charles Schwab Corp.	1992	1.0	54.6	100.0	3.7
FactSet Research Systems, Inc.	2006	2.5	6.5	71.7	2.7
SBA Communications Corp.	2007	3.8	14.6	71.0	2.6
Guidewire Software, Inc.	2013	2.8	4.2	68.7	2.6

Recent Activity

During the past quarter, the Fund established three new positions and added to six others. The Fund also sold two positions and reduced its holdings in 15 others.

Table V.
Top net purchases for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Acuity Brands, Inc.	$9.0	$19.8
BWX Technologies, Inc.	4.7	12.1
A. O. Smith Corporation	8.9	7.5
The Ultimate Software Group, Inc.	5.8	6.1
CoStar Group, Inc.	6.8	6.0

During the quarter, we initiated a position in **BWX Technologies, Inc.** The company is the sole supplier of nuclear propulsion systems to the U.S. Navy, which uses the systems to power its submarines and aircraft carriers. In addition, the company provides nuclear fuel and related services to both government-owned facilities and the nuclear industry globally. We believe BWX provides an opportunity to invest in a public company that is effectively a key strategic asset of the U.S. government, critical to national security. With its highly scalable and profitable business model, years of technical expertise, and relationship in the nuclear industry, we believe BWX offers consistent growth coupled with significant barriers to competition.

Navy market conditions are favorable, as fleet growth is a priority for the current presidential administration after years of stagnant activity. We see strong momentum in replacement programs (Columbia Class Submarines) and procurement (potential for accelerated orders for both carriers and submarines). BWX and the Navy have a symbiotic relationship that allows the company to generate attractive returns on its investments for the Navy's growth, while sharing scale cost reduction and efficiencies with its largest customer.

In addition, we see a resurgence of activity globally and in the Canadian nuclear market specifically, where BWX has a leading position through its operations and as a result of a recent acquisition. We expect to see additional growth opportunities in this market.

Lastly, we believe the company has adjacent military and commercial market opportunities that are still in nascent stages, but could prove to be important growth drivers in the long term.

Table VI.
Top net sales for the quarter ended March 31, 2017

	Amount Sold (millions)
IDEXX Laboratories, Inc.	$28.3
FleetCor Technologies, Inc.	27.1
Quintiles IMS Holdings, Inc.	9.7
CBRE Group, Inc.	8.7
Vail Resorts, Inc.	6.8

After the company reached an all-time high (resulting in an approximate eight-fold return on our initial investment almost 11 years ago), we trimmed our position in veterinary diagnostic company **IDEXX Laboratories, Inc.** The company remains our largest investment. We reduced our position in **FleetCor Technologies, Inc.** on caution surrounding its slowing growth rate. We exited our investment in contract research organization and health care data firm **Quintiles IMS Holdings, Inc.** on concerns about the wisdom of its recent merger. We reduced our holdings of **CBRE Group, Inc.** after its shares rose meaningfully on limited news. We reduced our holdings of **Vail Resorts, Inc.** after the company reached an all-time high (resulting in an approximate ten-fold return on our initial investment 20 years ago). The company also remains one of our largest investments.

Outlook

We remain optimistic that the economic policies of the presidential administration will continue to provide a beneficial backdrop for equities. The administration's focus on lower corporate tax rates and reduced regulatory burdens will hopefully lead to accelerated corporate earnings growth. We are encouraged that equity markets continue to move in tandem with interest rates since the election. We believe this should quell what has perhaps been investors' greatest recent concern–that higher rates would inevitably lead to lower equity prices. In addition, employment and housing trends continue to improve, and there are signs that the industrial economy is now following suit. We think that our portfolio of what we believe are well-managed, competitively advantaged, fast growing companies will continue to perform well in this environment, although we cannot guarantee that they will.

Furthermore, we continue to believe that high quality, mid-sized growth stocks represent a compelling long-term investment opportunity. During the past 30 years, mid-cap growth stocks, as a category, have outperformed small-cap and large-cap growth stocks. However, mid-caps have underperformed these asset classes during the past five years. We are hopeful that this trend will reverse, presenting an attractive opportunity for the mid-cap growth asset class in the future.

Thank you for investing in Baron Asset Fund.

Our entire Firm and our research department, in particular, are committed to justifying your ongoing confidence and support. I remain a significant investor in the Fund alongside you.

Sincerely,

Andrew Peck
Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Adviser believes that there is more potential for capital appreciation in mid-sized companies, but there also may be more risk. Specific risks associated with investing in mid-sized companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Asset Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund (the "Fund") had an excellent start to the year. Our investments continued to make good fundamental progress against their large addressable markets. This quarter, unlike last quarter, they were rewarded with higher multiples and strong stock performance as investors rotated into our high quality, secular growth businesses and away from stocks and sectors that were expected to benefit from the "Trump Trade." Baron Growth Fund rose 10.41% (Institutional Shares) in the quarter. The Russell 2000 Growth Index, the small-cap benchmark against which we compare the Fund rose 5.35%. Almost 80% of our investments generated returns in excess of this benchmark.

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	10.34%	10.41%	5.35%	6.07%
One Year	16.70%	17.01%	23.03%	17.17%
Three Years	5.27%	5.54%	6.72%	10.37%
Five Years	11.54%	11.83%	12.10%	13.30%
Ten Years	7.19%	7.40%	8.06%	7.51%
Fifteen Years	8.74%	8.89%	8.00%	7.09%
Since Inception (December 31,1994)	12.81%	12.91%	7.71%	9.72%

RONALD BARON

CEO AND PORTFOLIO MANAGER

Retail Shares: BGRFX
Institutional Shares: BGRIX
R6 Shares: BGRUX

Virtually all the businesses in which Baron Growth Fund has invested are incurring significant expenses to become much larger businesses. These expenditures can be spent on organic growth, such as hiring more sales staff, developing new products, starting up new manufacturing plants, providing additional client services, investing in new databases, integrating acquisitions or producing new products at lower gross margins than will be achieved at scale. They can also be made through acquisition, such as Vail's recent acquisition of Stowe and Gartner's recent acquisition of CEB. In total, more than 60% of Baron Growth Fund's investments have made a strategic acquisition in the past two years.

Businesses' expenditures to drive long-term growth penalize companies' current earnings, and usually hurt stock prices in the short term. Strategic mergers and acquisitions can have a similar negative short-term impact on stock prices. This is because acquisitions generally add integration or execution risk.

After the 2016 election, "top down" investors purchased stocks in sectors they believed would benefit from Trump programs. Cyclicals did well. Less economically sensitive stocks did not perform as well. Real Estate and fast growing Information Technology (IT) investments also did not fare well. Especially noteworthy was the 31% increase in the valuations of small regional banks that would benefit from less regulation and wider net interest margins when interest rates increase. We own no small regional banks, since they do not meet our investment criteria.

This trend, favoring cyclicals, reversed in the quarter. High quality growth companies trading at unusually attractive prices experienced strong demand as the administration's ability to pass legislation became less certain. Financials, which gained 19.6% last quarter, gained 3.1% this quarter. Industrials, which gained 11.2% last quarter, gained 1.6% this quarter. Energy, which gained 7.4% last quarter, declined 14.5% this quarter. Conversely, IT stocks, which rose just 1.7% last quarter, gained 5.7% this quarter. One dramatic example is the unwind of the "Tax Trade." From the day following Election Day through late December, the returns from a

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of September 30, 2016 was 1.30% and 1.05%, respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

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[2] The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

[3] Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

[4] Not annualized.

basket of 50 large-cap domestic stocks deemed most likely to benefit from tax reform exceeded the S&P 500 Index by 4.6%. Since then, this same basket underperformed the S&P 500 by 4.1%!

We believe even the best informed investors are unable to consistently predict geopolitical developments or the associated stock price movements. Baron Growth Fund is a bottom up, fundamental long-term investor in what we believe are fast growing, competitively advantaged, well-managed businesses. We are not trying to beat our benchmark in the short term by making macro judgments or trying to rebalance our portfolio based on what is in vogue. We invest only in growth businesses that we think can double in value about every five or six years. This compares to the stock market and economy which has doubled in value about every 12 years since 1960.

We believe that management teams are able to create significant shareholder value by penalizing profits to reinvest for growth. For example, **CoStar Group, Inc.**, the leading provider of commercial real estate information and multifamily marketing solutions, is already generating robust low-teens revenue growth and margin expansion while significantly investing in its business. The company is preparing to migrate users of its low-end LoopNet Premium Searcher product to its flagship CoStar product in 2017. It is expanding its sales, research, and product development capabilities ahead of this transition. We believe that the returns have the potential to be dramatic, as CoStar will be able to migrate LoopNet customers to the superior CoStar product, creating an incremental $200 million of annual recurring revenue while also improving customer efficiencies. **Manchester United plc** has a globally recognized brand and vast worldwide following, with almost 700 million fans. The company is penalizing its present earnings by investing heavily in a new manager and players. We expect Manchester United's investments to boost its revenues more than 50% on the way to $1.2 billion and double its EBITDA during the next five or six years. **Guidewire Software, Inc.**, the leading provider of technology solutions to the P&C insurance industry, is benefiting from a replacement cycle of 30-year-old core systems. Guidewire has emerged as the gold standard in the industry, with dominant win rates, near perfect retention results, and accelerating demand. Through innovation and targeted acquisitions, Guidewire has more than tripled its addressable market since coming public just five years ago. We believe the company is on a path to increase its EBITDA by 10-fold.

Acquisitions can create significant shareholder value through revenue and cost synergies. This quarter, **Vail Resorts, Inc**. acquired Stowe for $50 million or 10 times the resort's expected 2017 EBITDA. While the deal is small for Vail, it will give them access to the 4.5 million skiers who come to Vermont every year and help them access a portion of the 13 million skiers who ski on the East Coast. This should give them a large number of customers to which they can sell their EPIC season pass program. This is significant considering the company currently only has 600,000 customers who buy a season pass every year, before the snow even begins to fall. Stowe should provide Vail with more season pass customers. Vail's season pass sales currently represent 40% of its lift ticket revenue but could be more over time. **Gartner, Inc.** announced the acquisition of CEB for $2.6 billion plus $700 million of assumed debt. CEB is an information services business offering best practice research and talent management insights in a syndicated business model. CEB has an attractive business model with high levels of recurring revenue, strong EBITDA margins, and good free cash flow conversion. While its products are good, its execution has only been fair, and can be meaningfully improved by Gartner's outstanding management team. We see revenue synergies from applying Gartner's sales execution tools and techniques to CEB's customer base, helping to boost retention rates from the low 80% range towards the 100% range. We believe that Gartner can eliminate discounting on CEB products, speed new product innovation, help the business expand internationally, and enhance targeting of the mid-market. We believe that Gartner can accelerate growth at CEB from 1% to 2% currently to 15% over the next three years while also capturing $50 million of cost synergies. **TreeHouse Foods, Inc.** acquired the Ralcorp private label food business at what we believe was a bargain price of $2.7 billion, about half of Conagra's cost only three years prior. This is because Ralcorp did not fit with Conagra's branded business, and was losing customers due to poor execution and out-of-stock issues. We believe Ralcorp's execution issues are being remedied. Management has reorganized the sales force into five divisions, effective January 1, 2017, to leverage synergies between Ralcorp and legacy Treehouse better. We are extremely excited about secular growth in private label, TreeHouse's unique positioning in the fastest growing categories, early signs of cross sales into new grocery accounts, and a dramatic margin expansion opportunity.

Businesses in which we invest have often been targets for buyouts by strategic and financial acquirers. That is because those businesses have large addressable markets, high barriers to entry, sustainable competitive advantages and are led by outstanding management teams. This quarter, long-time holding **Panera Bread Co.** received a buyout offer from JAB Holdings for $315 per share. As of this writing, 3G Capital is reportedly considering a topping offer! Additionally, long-time holding MSCI was rumored to have received an acquisition offer from S&P Global for $120 per share, more than 20% above its current stock price. MSCI has denied those reports. Regardless, we believe that deal would be highly synergistic for S&P Global.

Baron Growth Fund has significantly outperformed its peers over the long term. Baron Growth Fund purchases *only* small-cap companies. However, since the Fund holds its growth company investments for about 14 years on average, the Fund has a significant percentage of its assets invested in securities that have appreciated beyond their market capitalizations at the time of the Fund's initial investments. Please see Table IX.

For comparison purposes, we created a Baron-Adjusted Morningstar Small Growth Category that includes Baron Growth Fund with the funds in Morningstar's Small Growth Category. Baron Growth Fund's annualized return exceeds the surviving funds in the category by 2.88% per year over the Fund's 22 year history, and ranks in the top 1% of the category.* While this is meaningful on an annual basis, it becomes even more significant when compounded over time. An investment of $10,000 in Baron Growth Fund at its inception in 1994 would be worth over $149,000 today. An investment in its benchmark would be worth $52,000 today.

We think our long-term investment strategy is different than that of most small-cap managers or passive strategies that sell their best investments solely for market cap reasons. Regardless of restricting the Fund's purchases to small-cap companies, Baron Growth Fund's performance also compares well against surviving mid-cap growth funds. Since inception, the Fund ranks in the top 6% of funds in the Mid-Cap Growth Category.*

Table II.
Performance
Periods of euphoria and stress

	"Yesterday" Clinton Years 1992-2000 12/31/99 P/E 33x	Internet Bubble	"The Long and Winding Road" Bush Years 2000-2008 9/11; Iraq; Afghanistan; Housing Bubble; Financial Panic	"Here Comes the Sun" Recovery and Quantitative Easing 2009-2013	"Helter Skelter" Fed tightening	"Any Time at All"
	Annualized Returns					
	Inception 12/31/1994 to 12/31/1999	10/8/1998 to 3/9/2000	12/31/1999 to 12/31/2008	12/31/2008 to 12/31/2013	12/31/2013 to 3/31/2017	Inception 12/31/1994 to 3/31/2017
Baron Growth Fund (Institutional Shares)	29.90%	67.61%	2.46%	22.39%	5.19%	12.91%
Russell 2000 Growth Index	18.99%	108.38%	(4.71)%	22.58%	6.35%	7.71%
S&P 500 Index	28.56%	32.29%	(3.60)%	17.94%	10.14%	9.72%
Percentile rank in Baron-Adjusted Morningstar Small Growth Category	21	72	13	45	52	1
# of Share Classes in Baron-Adjusted Morningstar Small Growth Category	156	394	354	584	594	57
Baron-Adjusted Morningstar Small Growth Category Avg*	22.16%	117.02%	(2.69)%	22.10%	5.00%	10.03%
Percentile rank in Morningstar Mid-Cap Growth Category	25	79	12	29	65	6
# of Share Classes in Morningstar Mid-Cap Category	197	416	366	531	575	66
Morningstar Mid-Cap Growth Category Avg**	25.32%	120.57%	(3.33)%	20.97%	5.99%	9.61%

Table III.
Performance Based Characteristics as of March 31, 2017

	Time Interval					
Time Interval	Inception 12/31/1994 to 12/31/1999	10/8/1998 to 3/9/2000	12/31/1999 to 12/31/2008	12/31/2008 to 12/31/2013	12/31/2013 to 3/31/2017	Inception 12/31/1994 to 3/31/2017
Alpha (%)	13.61	5.37	5.05	4.07	0.74	7.14
Beta	0.77	0.62	0.58	0.79	0.67	0.68
# of Monthly Observations	60	18	108	60	39	267

* The **Morningstar US Fund Small Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Small Growth Category. Morningstar rankings are based on total returns and does not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. Morningstar moved **Baron Growth Fund** from the Small Growth Category effective May 31, 2011 to the Mid-Cap Growth Category. The Fund's investment mandate has been and continues to be investing in small cap growth stocks for the long term. While the ranking information contained herein may be based on performance measurements from Morningstar, Baron created a new Morningstar Category to include Baron Growth Fund Retail and Institutional shares. We intend to continue to provide comparative performance data for the Small Growth Category because we strongly disagree with Morningstar's reclassification of the Fund. Because of its long-term approach, the Fund could have a significant percentage of its assets invested in securities that have appreciated beyond their market capitalization at the time of the Fund's initial investment.

As of March 31, 2017, the Baron-Adjusted Morningstar Small Growth Category consisted of 675, 532, 390 and 57 funds (share classes) for the 1-, 5-, 10-year and Since Inception periods. The number of funds in the Category may vary depending on the date that Baron made the calculation. The Baron-Adjusted Morningstar Small Growth Category Average is not weighted and represents the straight average of annualized returns of each of the funds in the Category. **Baron Growth Fund Institutional** Share Class ranked in the 92nd, 30th, 52nd and 1st percentiles, respectively. The Category consisted of 156, 394, 354, 584, 594 and 57 funds (share classes) during the time intervals 12/31/1994–12/31/1999, 10/8/1998–3/9/2000, 12/31/1999–12/31/2008, 12/31/2008–12/31/2013, 12/31/2013–3/31/2017 and 12/31/1994–3/31/2017, respectively. **Baron Growth Fund Institutional** Share Class ranked in the 21st, 72nd, 13th, 45th, 52nd and 1st percentiles, for the respective time intervals.

** The **Morningstar US Fund Mid-Cap Growth Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth Category. Morningstar rankings are based on total returns and does not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. The Category consisted of 197, 416, 366, 531, 575 and 66 funds (share classes) during the time intervals 12/31/1994–12/31/1999, 10/8/1998–3/9/2000, 12/31/1999–12/31/2008, 12/31/2008–12/31/2013, 12/31/2013–3/31/2017 and 12/31/1994–3/31/2017, respectively. **Baron Growth Fund Institutional** Share Class ranked in the 25th, 79th, 12th, 29th, 65th and 6th percentiles, for the respective time intervals. As of March 31, 2017, the Category consisted of 635, 500, 368 and 66 funds (share classes) for the 1-, 5-, 10-year and Since Inception periods. Morningstar ranked **Baron Growth Fund Institutional** Share Class in the 34th, 24th, 44th and 6th percentiles, respectively.

Table IV.
Top contributors to performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Vail Resorts, Inc.	1997	$0.2	$ 7.7	19.64%	1.27%
IDEXX Laboratories, Inc.	2005	1.9	13.6	31.81	1.06
SS&C Technologies Holdings, Inc.	2010	1.0	7.2	24.00	0.69
MSCI, Inc.	2007	1.8	8.8	23.72	0.68
Arch Capital Group Ltd.	2002	0.4	11.7	9.82	0.61

Shares of ski resort company **Vail Resorts, Inc.** increased in the first quarter on an earnings report that beat Street expectations due to increased visitation and spend levels in a strong ski season. We believe Vail's recent acquisitions of Whistler Blackcomb, Park City, and Perisher continue to help drive season pass sales and visitation, which, in turn, help insulate earnings from poor snowfall seasons and improve cash flow. (David Baron)

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** rose in the first quarter, rallying on strong financial results and multiple expansion. Competitive trends are strong and improving, highlighted by instrument revenue growth, domestic lab growth, rising sales productivity, and stability in rapid assays. We think that IDEXX's direct go-to-market model coupled with meaningful research and development-driven product enhancements will put steady upward pressure on organic revenue and earnings growth over time. (Neal Rosenberg)

Shares of financial technology vendor **SS&C Technologies Holdings, Inc.** grew in the first quarter as organic growth reaccelerated, alleviating concerns about its exposure to hedge funds. We believe the company will continue to generate attractive revenue growth through market share gains, cross-sales of its expanded services portfolio into the Advent base, and new product introductions. We believe that cost synergies from the recent acquisitions of two fund administration businesses will help drive margin expansion. (Neal Rosenberg)

Table V.
Top detractors from performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Under Armour, Inc.	2005	$1.0	$8.3	–29.81%	–1.05%
Dick's Sporting Goods, Inc.	2004	1.4	5.5	–8.21	–0.12
AO World plc	2016	0.9	0.7	–24.34	–0.12
Benefitfocus, Inc.	2013	1.3	0.9	–5.89	–0.08
Smart & Final Stores, Inc.	2015	1.1	0.9	–14.22	–0.07

Shares of athletic apparel company **Under Armour, Inc.** declined in the first quarter on reported earnings and guidance that missed Street expectations. Increased promotional activity, improved competitor positioning and a key distributor's bankruptcy lowered wholesale revenue. The company is attempting to diversify its wholesale distribution domestically while growing into other geographies and categories, which will likely cut into profitability over the next year, in our view. We believe many of these issues are temporary and the long-term demand and earnings potential remain relatively intact. (Michael Baron)

Shares of **Dick's Sporting Goods, Inc.**, the country's leading sporting goods retailer, declined in the first quarter after the company tempered Street expectations given industry uncertainty. Additionally, planned store remodels and conversions and its new data gathering companies are expected to increase expenses over the next year. We retain conviction in Dick's, as declining wholesale competition will potentially allow Dick's to capture a large percent of the displaced market share and expand its store base. (Michael Baron)

AO World plc is the leading online seller of major domestic appliances in the U.K. Shares were down in the first quarter as the company continues to be impacted by rising manufacturing prices as the British pound weakens relative to the Euro. We expect these higher prices to stabilize later in 2017. AO continues to execute its domestic plan and take share from competitors, and we expect its German business to expand while the company works to improve terms with vendors in advance of further volume expansion. (Ashim Mehra)

Portfolio Structure and Investment Strategy

Due to Baron Growth Fund's low turnover, which is currently 7.27% on a five-year average basis, the Fund holds a significant percentage of its assets in securities that have appreciated beyond their market capitalizations at the time of the Fund's initial investment. Because those companies are penalizing their current earnings with expenditures for growth, Baron Growth Fund has invested in those businesses at what we believe were unusually attractive prices. We believe this strategy is the reason the Fund has so significantly outperformed its peers and its benchmark indexes over the long term.

Baron Growth Fund's strategy of investing for the long term is different than most other small-cap growth funds. Many of those funds invest top down in industries that they believe are likely to benefit in the near term from economic trends created by macro developments. Those funds turn over their portfolios every 16 months, on average. As a result, over the long term, in our opinion, they are likely to achieve average returns, at best. We believe, few, if any, investors are able to consistently predict unpredictable events. Further, even if they could predict the outcome of those events, we think it is unlikely they would be able to predict their impact on stocks and markets.

We exclusively purchase small capitalization companies that we think can double in size in a five- or six-year period. The performance of newer investments is often significantly below our long-term expectations. 63% of these investments have outperformed the market during their initial holding periods.

Table VI.
Top performing stocks owned less than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Pinnacle Entertainment, Inc.	2013	355.7%
Bright Horizons Family Solutions, Inc.	2013	156.0
West Pharmaceutical Services, Inc.	2013	150.2
Marriott Vacations Worldwide Corp.	2013	146.2
Guidewire Software, Inc.	2012	128.1

Baron Growth Fund owns stock in 33 businesses that it has owned for more than five years. These investments represent 74.0% of the Fund's assets and have earned an annualized rate of return of 17.7% since they were purchased, compared to 11.2% for the Russell 2000 Growth Index. All but three of these investments have earned higher rates of return than the benchmark over the same time periods. Most Fund investments that have been held for more than five years have realized approximately three- to five-fold appreciation so far. Five have achieved returns in excess of eight times since their initial purchase.

Table VII.
Top performing stocks owned more than five years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase
Choice Hotels International, Inc.	1996	1,640.1%
Arch Capital Group Ltd.	2002	1,005.0
Vail Resorts, Inc.	1997	977.3
IDEXX Laboratories, Inc.	2005	974.2
Alexander's, Inc.	1999	920.7
Panera Bread Co.	2002	631.5

As a result of owning stocks that have generated outsized returns over a longer holding period, the market caps of approximately 62.4% of the Fund are above Morningstar's breakpoint classification of small-cap stocks. Over the last five years, Baron Growth Fund's weighted geometric average market cap has hovered somewhat above the Morningstar Small Cap Breakpoint and far below the $20 billion highest market capitalization limit for mid-cap stocks.

Recent Purchases

Table VIII.
Top net purchases for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount Purchased (millions)
Wix.com Ltd.	2016	$2.0	$3.0	$4.0
Glaukos Corporation	2016	1.1	1.8	2.8
Red Rock Resorts, Inc.	2016	2.3	2.6	2.2

Wix.com Ltd. is the global leader in the do-it-yourself website building market with 100 million registered users and 2.5 million premium subscribers. Wix also provides micro businesses with tools to run their businesses including marketing, scheduling, and relationship management. Wix's growth is driven by extending its horizontal and vertical features, as well as increasing the number of targeted verticals (i.e., hotels, restaurants, e-commerce, and photographers). Product innovation drives increasing conversion rates and enables Wix to increase its wallet share. The source of Wix's competitive edge is its brand name and marketing reach, along with its technological capabilities. The attractiveness of its offering results in strong cohort economics, creating a predictable and a profitable business model (acquire a cohort once, get subscriptions forever). We believe Wix could be worth multiples of its current valuation several years from now as it continues to innovate. (Guy Tartakovsky)

Glaukos Corporation is a medical device company commercializing a stent implant, branded the iStent, as a treatment to relieve eye pressure in glaucoma patients. Revenue has grown from $71 million in 2015 to $114 million in 2016 (60% growth) based on volume increases of the iStent. Glaukos has obtained favorable 2017 reimbursement increases and benefits from a key competitor's strategic mishap that will help revenue grow beyond organic volume growth. We therefore expect greater than 40% year-over-year growth in 2017. Longer term, we expect revenues to catapult with expansion of the iStent opportunity into the larger glaucoma market which is 3.5 million U.S. patients versus the approximate 150,000 to 200,000 currently treated eyes. Our confidence comes from early efficacy data that shows that the addition of a second iStent (use of two stents is not currently FDA approved), can match and/or surpass what is achieved with the current standard of care eye drops. (Josh Riegelhaupt)

In the quarter, we increased our position in **Red Rock Resorts, Inc.**, a regional gaming operator in the Las Vegas Locals market, following its fourth quarter earnings report. Its shares declined due to disruption at its Palace Station property due to undergoing a renovation and integration costs at the Palms Casino, acquired in October. This was as the company replaced slot machines and systems and added its Boarding Pass loyalty program. The growth of those investments should permit the company to grow faster over the next 12 months. The company's increased free cash flow can then be used to reduce debt or increase dividends. (David Baron)

Portfolio Holdings

As of March 31, 2017, Baron Growth Fund held 61 investments. The top 10 holdings represented 41.4% of the Fund's net assets. All these top 10 investments have grown dramatically and were purchased when they were smaller businesses. We believe they all offer significant further appreciation potential, although we cannot guarantee that will be the case. The weighted geometric average market capitalization of Baron Growth Fund's entire portfolio is approximately $5.1 billion, somewhat above the $4.2 billion level Morningstar regards as determinative of a "small-cap" fund. It is significantly below the Morningstar $20 billion breakpoint between mid-cap and large-cap. We believe the Fund's diversified portfolio offers investors potentially better-than-market returns with less risk than the market.

Table IX.
Top 10 holdings as of March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Net Assets
Vail Resorts, Inc.	1997	$0.2	$ 7.7	$421.6	7.1%
Arch Capital Group Ltd.	2002	0.4	11.7	360.1	6.1
Gartner, Inc.	2007	2.3	9.0	261.9	4.4
FactSet Research Systems, Inc.	2006	2.5	6.5	230.0	3.9
IDEXX Laboratories, Inc.	2005	1.9	13.6	227.3	3.9
CoStar Group, Inc.	2004	0.7	6.8	202.0	3.4
Choice Hotels International, Inc.	1996	0.4	3.5	188.3	3.2
SS&C Technologies Holdings, Inc.	2010	1.0	7.2	186.4	3.2
MSCI, Inc.	2007	1.8	8.8	182.2	3.1
Gaming and Leisure Properties, Inc.	2013	4.2	6.9	180.5	3.1

Thank you for investing in Baron Growth Fund.

Thank you for joining us as fellow shareholders in Baron Growth Fund. We believe the growth prospects for the businesses in which Baron Growth Fund has invested continue to be favorable.

We continue to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We will also continue to provide you with information that we would like to have if our roles were reversed. This is so you will be able to make an informed judgment about whether Baron Growth Fund remains an appropriate and attractive investment for your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
April 20, 2017

Neal Rosenberg
Assistant Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition.

P/E: the price earnings ratio is a valuation ratio of a company's current stock price to its actual earnings per share.

Dear Baron Small Cap Fund Shareholder:

Performance

Baron Small Cap Fund (the "Fund") had a strong quarter, gaining 8.55% (Institutional Shares) for the period ending March 31, 2017. The Fund nicely outperformed the Russell 2000 Growth Index and S&P 500 Index (up 5.35% and 6.07%, respectively) for the period.

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Small Cap Fund Retail Shares[1,2]	Baron Small Cap Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	8.48%	8.55%	5.35%	6.07%
One Year	22.74%	23.07%	23.03%	17.17%
Three Years	5.09%	5.36%	6.72%	10.37%
Five Years	10.50%	10.78%	12.10%	13.30%
Ten Years	7.03%	7.25%	8.06%	7.51%
Fifteen Years	8.69%	8.63%	8.00%	7.09%
Since Inception (September 30, 1997)	9.57%	9.68%	5.63%	6.78%

CLIFF GREENBERG
PORTFOLIO MANAGER

Retail Shares: BSCFX
Institutional Shares: BSFIX
R6 Shares: BSCUX

The market continued to advance after the election of Donald Trump on the premise that his pro-growth agenda would increase economic growth, leading to higher corporate profits and stock prices. Conversations with business leaders confirmed a new-found optimism, a more confident attitude to move forward and not feel restrained by prior burdensome economic policies. Domestic economic data released in January and February painted a more positive picture, with strong employment growth, rising consumer confidence and spending, and, for the most part, healthy corporate sales and earnings. Global growth noticeably improved. The Federal Reserve raised its benchmark interest rate (25 basis points in mid-March), stating the simple message is the economy is doing well.

However, the March jobs report was weak, and the Trump administration suffered some setbacks, most noticeably, the failure to repeal and replace Obamacare. As a result, the market got jittery and choppy.

During the quarter, market leadership again changed, this time in our favor. The Fund, and most of the Baron Funds shined, as the best performing stocks were the businesses we favor – high quality growth companies whose businesses are performing well. Growth stocks outperformed value. More mature companies outperformed smaller, more speculative issues. Health Care and Information Technology (IT) led, as opposed to Financials, Industrials and Energy, the prior quarter's winners.

The change was caused, in our opinion, as the market lost its conviction for accelerated near-term growth, which had propelled the stocks of companies whose businesses were languishing (isn't it perverse the "growth stocks" underperform when investors get excited about a better growth environment?) and because the stock prices of prior leaders got over-extended and the laggards were oversold.

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Percent Impact
IDEXX Laboratories, Inc.	1.14%
Cognex Corp.	0.73
DexCom, Inc.	0.59
SiteOne Landscape Supply, Inc.	0.53
Waste Connections, Inc.	0.44

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2016 was 1.32% and 1.06%, respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

1 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.
2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.
3 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.
4 Not annualized.

BARON FUNDS 1987

Most of our stocks acted quite well in the quarter. The best ones reported stellar results in the period or exciting corporate developments, and/or benefitted from the market's appreciation for the characteristics of the businesses we emphasize.

IDEXX Laboratories, Inc., the leader in diagnostic and IT solutions for the animal health industry, reported excellent financial results for the fourth quarter of 2016 and the trading multiple of the stock expanded, reflecting the outstanding outlook for the company. Organic growth accelerated to 12%, and margins expanded 300 basis points. Instrument placements were up 24% and consumable sales rose 18%, both leading indicators of strong future growth. The company launched a new proprietary urinalysis analyzer with impressive placements, and new tests are getting great traction. Management dramatically accelerated share repurchases, at what now, in retrospect, were very attractive prices. We have been privileged to be invested in this company for eight years and have made over six times our money, about 25% per year. We scaled back this position size a bit this quarter into the big move the stock has made.

Shares of **Cognex Corp.**, the leading provider of machine vision products used in the automation of manufacturing and distribution plants, rose significantly after reporting very strong results. Revenues grew 32%, profit margins expanded 1,200 basis points and net income doubled. Cognex is the dominant technological leader in a secular growth business, which is benefitting from increasing capex in industrial markets, increased focus on automation, and the company's expansion into selective new markets which has greatly expanded their addressable market. The company spends heavily on R&D to maintain its technical lead, has an impressive fortress balance sheet (with $750 million of net cash), and a very special corporate culture (check out their unique annual reports – this year's features Watson and Holmes). We are proud to be associated with these "Cognoids."

DexCom, Inc., which sells continuous glucose monitoring devices (CGM) for people with insulin-dependent diabetes, bounced after Medicare announced in January that it would reimburse for use of DexCom's device, significantly expanding the company's market opportunity. DexCom is the only seller of CGM product to be covered by Medicare, which confirms the company's product superiority. DexCom has a strong pipeline of new products on the horizon, which includes important advances in its present offerings and new low cost miniature sensors being developed in competition with Google that could enable participation in the much larger market for those suffering from Type 2 diabetes.

SiteOne Landscape Supply, Inc. (a new investment we discussed in last quarter's report) reported solid results in the quarter that beat expectations. The trading multiple of the stock was re-rated higher as the market better appreciated the opportunity the company has to consolidate and dominate its niche and the significant achievements they have demonstrated to date. Acquisition activity has remained strong and the pipeline is full. Initiatives to reduce costs are taking hold and there is good line of sight towards sustained margin expansion. We expect improved same store growth from implementing best practices between branches and product offerings.

Other stocks that rose 20% or more during the quarter but contributed less to our performance were an eclectic mix: **Mercury Systems, Inc.**, **Flotek Industries, Inc.**, **Wix.com Ltd.**, **REV Group, Inc.** and **PBF Logistics LP**.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Percent Impact
TransDigm Group, Inc.	–0.57%
Acuity Brands, Inc.	–0.38
INC Research Holdings, Inc.	–0.20
Zoe's Kitchen, Inc.	–0.13
WEX Inc.	–0.11

Our losers in the quarter either missed guidance or were subject to negative reports by short sellers.

Shares of **TransDigm Group, Inc.**, the provider of proprietary aircraft parts with a focus on the aftermarket, were down in the quarter due to a short seller report that accused the company of improper government contracting practices. Our view is that this is a headline risk, and any potential actions that might be taken against the company are likely to be highly manageable. TransDigm reported solid results for the most recent quarter and guided for mid-to-high single-digit organic growth in their key commercial aftermarket segment, which would result in double-digit EBITDA growth and 20% of value creation. The company repurchased $150 million of its shares when the stock price was depressed and significantly reloaded their buyback authorization, which they had exhausted. The stock has traded at a discount valuation for the first time in a decade.

Acuity Brands, Inc., the leading U.S. provider of lighting solutions, reported earnings that fell short of Wall Street expectations, and its shares fell. Management cited a precipitous drop off in small construction projects around the uncertainty from the election and into the new year. Acuity remained staffed up for what they believe would be improved activity and more high value Tier 3 and Tier 4 projects, so margins have contracted with the revenue shortfall. Also weighing on the stock is the fact that Acuity assembles products in Mexico that get transferred to States, which might be subject to the potential "border adjusted tax" that is being discussed as part of the Trump administration plan of tax reform. We continue to believe in our long-term thesis – leading pure play in North American lighting, a massive retrofit market (indoor and outdoor) as LEDs replace old formats, which provide strong economic paybacks, plus participation in new high value lines of business that integrate lighting with controls, connections to other building services, and data collection. We are riding out the bumps in the road.

Shares of **INC Research Holdings, Inc.**, a leading global contract research organization (CRO) provider of outsourced drug development services to biopharma, declined in the quarter when the company reported below consensus guidance due to weak bookings and delayed trial starts. We believe these issues are more episodic than structural and guidance is conservative. The industry backdrop remains favorable, and some of our other holdings are doing quite well, so we have concentrated our position more in those and cut back our INC position.

Zoe's Kitchen, Inc., the operator of the fast casual restaurant chain, declined in the first quarter due to weak same store sales and initial guidance for 2017 that missed Wall Street expectations. The overall restaurant industry has shown weakness, and Zoe's was comparing sales to very strong previous year results. Though we think there are too many restaurants out there and that cooking at home and delivery are taking share from eating out, we still believe that dining trends are changing and there is great opportunity for the development of new outlets featuring healthy, fresh/wholesome food in a high service casual setting. Zoe's is a burgeoning chain offering Mediterranean cuisine that we think is very appealing to consumers. From a financial standpoint, Zoe's offers best in class development economics with a long runway of growth ahead. We have used this downdraft on the stock to add to our position.

The other stock that fell over 20% in the quarter was **Medpace Holdings, Inc.** Most of our stocks (about 80% of the portfolio) were up in the quarter.

Portfolio Structure

As of March 31, 2017, the Fund had $3.4 billion under management and was invested in 71 common stocks. The top 10 positions represented 33.3% of the Fund, and include mostly familiar, long-term holdings.

Table IV.
Top 10 holdings as of March 31, 2017

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Gartner, Inc.	2007	$156.6	4.6%
Waste Connections, Inc.	2016	127.9	3.8
IDEXX Laboratories, Inc.	2008	127.6	3.8
Bright Horizons Family Solutions, Inc.	2013	126.9	3.8
TransDigm Group, Inc.	2006	121.1	3.6
SBA Communications Corp.	2004	99.3	2.9
On Assignment, Inc.	2012	97.1	2.9
Acuity Brands, Inc.	2011	91.8	2.7
Guidewire Software, Inc.	2012	90.1	2.7
Cognex Corp.	2011	84.0	2.5

We had a fertile quarter adding new small cap ideas and increasing our holdings in recent small-cap purchases. Thus, the Fund is somewhat less concentrated than in the past few quarters. Even with the market at highs, our research staff, along with Assistant Portfolio Manager David Goldsmith's involvement, have unearthed a bunch of, what we feel, are compelling ideas. We funded these purchases primarily by trimming some of our larger holdings in larger market capitalization companies. I sense that this level of increased activity will continue and accrue to our benefit.

In the quarter, the weighted average market capitalization of new positions added was $1.6 billion and that of the positions added to was $2.1 billion…in line with our historic sweet spot of finding opportunity. We sold stocks with market capitalizations of $6.1 billion on average. We continue our approach to buy small caps and fund the purchases through sale of larger caps to keep the portfolio fresh and appropriately small cap.

Compared to the Russell 2000 Growth Index, the Fund is overweight in Industrials and Consumer Discretionary and underweight in Health Care and somewhat in Information Technology. These weightings fall out from our "bottom up" stock picking and reflect where we are finding investments that meet our criteria. Interesting that this quarter we were underweight the sectors that performed best this period. It means our stock picking was particularly strong this quarter.

As a point of emphasis, we do not try to pick sectors that we think will perform over the short term and move our money to those. Just the opposite. We run a diversified portfolio, with investments across most sectors, in what we consider to be special companies that are well managed and have big opportunities for growth and increased equity value that we hold for the long term. We don't obsess about "when" we will make money, or how our portfolio performs compared to an index over the short term, but "if" we are in the right investments that can compound at attractive returns over the long term.

Recent Activity

During the quarter, we purchased six new investments and added to six positions that we had recently bought into.

Table V.
Top net purchases for the quarter ended March 31, 2017

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Capitol Acquisition Corp. III	2017	$0.4	$30.9
John Bean Technologies Corporation	2017	2.8	25.5
Wix.com Ltd.	2017	3.0	24.0
Qualys, Inc.	2017	1.4	21.5
REV Group, Inc.	2017	1.8	17.0

Capitol Acquisition Corp. III is a special acquisition company (SPAC) that is buying a stake in **Cision**. We are in essence participating in the initial public offering of Cision, which is coming public through an unorthodox approach. Interesting.

Cision is the go-to global SAAS platform for communications professionals, the "Bloomberg terminal" for the PR industry. Through a series of acquisitions of competitive products and component parts, the private equity sponsor has created a comprehensive product suite that combines all needed capabilities under one roof. The platform is the industry standard for PR professionals and deeply embedded in industry workflow. Cision is used by a loyal blue chip customer base that buys services on recurring revenue basis with high renewal rates…a business model we highly value.

We believe Cision is poised for significant growth by cross selling the recently integrated functionality and by adding new features sets. We also expect the company to continue to make strategic acquisitions going forward, which we think will likely be highly accretive and additive to shareholder value.

Cision is managed by an experienced leadership team, the CEO having built the Oracle marketing cloud and the CFO having successfully managed three previous public companies backed by the same private equity sponsor. We purchased our stock at 10.5 times projected EBITDA, which we believe is an attractive valuation for a business with these characteristics and growth prospects. The shares have significant upside potential based on our expectation of rapid cash flow growth, both organically and through acquisition, deleveraging from the free cash flow generated, and multiple expansion, which we expect as the company gets recognized by the market and continues to execute.

John Bean Technologies Corporation is a leading global technology solutions provider to the food and beverage and air transportation industries. The company was originally founded in the 1880s and became a stand-alone publicly traded company in 2007 when it was spun out of FMC Corp. A new CEO was brought in by the Board in 2013 to take the company to the next level through improving organic growth and margins, as well as implementing a consolidation strategy in the food processing industry. He is doing a bang up job.

Approximately 70% of JBT's revenue and profits currently come from the food processing segment. JBT's technology plays a critical role in the preparation of the food and drink that most of us consume every day, including freezing 50% of the world's frozen foods and sterilizing 50% of the world's canned foods. The food processing industry has highly favorable characteristics with minimal cyclicality and is levered to long-term positive drivers and trends, such as the growing middle class and changing diet around the world. We think there is room for substantial margin improvement as the company focuses on transforming into the solutions and service provider of choice to globalizing food companies.

JBT's goal is to become a pure-play food processing company and sell the AeroTech business in a tax-efficient manner in the future. The company embarked on an aggressive acquisition strategy in the fragmented $25 billion+ food processing industry and has done deals worth $475 million over the past three years. In March, the company raised equity in order to reduce its leverage so that it could continue doing value enhancing deals. We established our position in that offering. We think that JBT could do upwards of $900 million of acquisitions in the next three years and that EBITDA could double over that time frame due to organic growth, margin expansion, and the accretive acquisition strategy.

Table VI.
Top net sales for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
The Ultimate Software Group, Inc.	2008	$0.7	$ 5.8	$40.0
Bats Global Markets, Inc.	2016	2.2	3.4	28.0
INC Research Holdings, Inc.	2014	1.0	2.5	27.1
IDEXX Laboratories, Inc.	2008	2.0	13.6	26.1
Gaming and Leisure Properties, Inc.	2013	4.2	6.9	23.5

During the quarter, we trimmed long held positions **The Ultimate Software Group, Inc.**, **IDEXX Laboratories, Inc.** and **Gaming and Leisure Properties, Inc.** We consolidated our holdings in the CRO space by selling our small position **Medpace Holdings, Inc.** and reducing our holdings in **INC Research Holdings, Inc**. **Bats Global Markets, Inc.** was acquired by **CBOE Holdings**, but we got some of the proceeds in CBOE stock which we have held since we see much upside in the combined entity. We sold our stake in **Penn National Gaming, Inc.** and **HealthStream, Inc.** to fund some of the new investments we made in the quarter.

Outlook

The market topped out in early March and has been trading sideways since. There is uncertainty concerning the implementation of President Trump's pro-growth legislative agenda (to reduce corporate and individual taxes, dismantle regulations, spend on infrastructure) subsequent to the failure to repeal the Affordable Care Act. Also, the latest economic reports seem to indicate that the economy's present growth is more muted.

For whatever its worth, we still believe the economy is very solid and improving. That the fundamentals of our companies are strong, and we expect the pace of earnings growth to accelerate. We think the move in stocks has been based on this improving fundamental outlook, and that the implementation of pro-growth programs would provide another leg up to the market. But what do we know? Our real focus is on the businesses of our portfolio companies. If their businesses continue to perform, so will their stocks over the long term.

We are heartened that the stocks of companies we gravitate towards are back in favor. We suspect that they will remain in vogue, if growth projections moderate and the market is more uneven.

We remain focused on the consistent application of our long-standing approach to identify, research and purchase a portfolio of high quality, well-managed, small growth companies that are performing well, have considerable opportunities ahead and can benefit us as long-term shareholders as they continue to grow. We think this is a thoughtful and sensible strategy, one that we have employed with success since the inception of the Fund.

Thanks for your investment and interest in the Fund.

Cliff Greenberg
Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Small Cap Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Dear Baron Opportunity Fund Shareholder:

Performance

Baron Opportunity Fund (the "Fund") had a strong first quarter, rising 15.09% (Institutional Shares). The Fund outperformed both the Russell 3000 Growth Index, which advanced 8.63%, and the S&P 500 Index, which rose 6.07%.

Table I.
Performance†
Annualized for periods ended March 31, 2017

	Baron Opportunity Fund Retail Shares[1,2]	Baron Opportunity Fund Institutional Shares[1,2,3]	Russell 3000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	15.01%	15.09%	8.63%	6.07%
One Year	18.72%	19.09%	16.27%	17.17%
Three Years	3.18%	3.47%	10.90%	10.37%
Five Years	7.82%	8.10%	13.22%	13.30%
Ten Years	7.23%	7.46%	9.04%	7.51%
Fifteen Years	10.05%	10.21%	7.27%	7.09%
Since Inception (February 29, 2000)	5.04%	5.17%	3.21%	5.28%

MICHAEL A. LIPPERT

PORTFOLIO MANAGER

Retail Shares: BIOPX
Institutional Shares: BIOIX
R6 Shares: BIOUX

Review & Outlook

The Fund has had a strong start to 2017. Paraphrasing what I wrote in January for my last letter, the mere act of opening the new calendar seemingly provoked a backflip in market sentiment and leadership, reversing the earlier swivel triggered by the presidential election result. In a manner of speaking, we have witnessed a "reversion to the mean" of what prevailed before the election and speculation took over concerning what sectors would benefit from the Trump presidency. In November and December 2016, we rejected engaging in speculation and chasing the sectors that were then leading the market, but chose to remain on our path of emphasizing the businesses and secular megatrends that we believe will drive long-term growth regardless of the underlying political or economic environment. The Fund's performance this quarter reinforces our conviction that this was the right call.

The market is now digesting the failure of the ACA "repeal and replace" legislation and what it means for the U.S. health care industry; murky, if not completely opaque, information on what a corporate-tax reform bill might look like and the likelihood and timing of it passing both houses of Congress; the escalating quagmire of Syria; and the Congressional and FBI investigations into the Russian hacking of the 2016 election and all the entangled political scandals. On the economic front, the U.S. economy is growing at a solid, albeit slower-than-pre-crisis rate, unemployment is approaching "full employment" levels and the Federal Reserve is signaling a slow but steady normalization of interest rates. As I have written many times, while we attempt to stay abreast of politics, economics and international events, we do not try in any way to predict the unpredictable in these areas or trade on the short-term poll results that they might drive through the market voting machine.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2016 was 1.41% and 1.13%, respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.*

† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The Russell 3000® Index measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Growth Index measures the performance of those companies classified as growth among the largest 3,000 U.S. companies and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares

3 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

BARON FUNDS 1987

What we do know is that the secular innovation trends we focus on are more powerful than ever. These generational, paradigm or tectonic shifts are imposing major changes across industries and society. Indeed, every legacy software company – IBM, Microsoft and Oracle – is now claiming to be a cloud software vendor. Every decades-old automobile manufacturer is launching electric vehicles and deploying, developing or acquiring autonomous driving technology. Every legacy media company, as well as the telco's and cable companies, are struggling to join the digital age of on-demand content and people-based targeted advertising (note Verizon's acquisitions of AOL and Yahoo and ATT's of DirecTV).

We are in the dawning stages of a new age of digital services that might be called the "intelligence," "algorithmic," or "big data" era. In the analog world, the moment you take a product out of the store it begins to lose value and, over time, decline in usefulness. But today's digital services get better the more they are used – more use (and users) yields more data which is captured and analyzed to improve the service – rinse and repeat.

- Google has occupied the virtuous cycle of more searches, better-tuned algorithms, more relevant results, more searches.
- Facebook tracks your engagement and learns what content and ads you prefer in your news feed.
- Netflix tracks everything you watch and learns what types of movies and shows you like and makes more precise recommendations each time you sign on.
- Tesla's Autopilot gets better and better the more miles it drives. To be sure, even the Barclays analyst, a bear on Tesla, conceded in his April 6th note: "Tesla has pioneered the 'software driven car,' and with an advanced electrical/data architecture, ample on-board processing power, and cyber-secure OTA (over the air) capabilities, it is able to move rapidly to update and evolve cars on the road."
- Modern connected software – like Guidewire, ServiceNow or Salesforce – gets smarter and better the more it is used and the more data it processes, and can provide users with predictive analytics that guides them to make business decisions that yield improved outcomes.
- Amazon knows every product you consider or buy and suggests replenishment purchases and/or new products you might be interested in. I recently viewed a presentation by Professor Scott Galloway of NYU where he posited that pretty soon Amazon would send you two boxes a week – one containing the products it thinks you want and one in which you can return the ones you don't. One day Amazon's personalized predictions might get so precise that only a single box will arrive at your door!

We believe another benefit of the Fund is that it is an all-cap fund and we can invest in these trends up and down the market cap spectrum. Acxiom is helping to drive the shift to people-based advertising by enabling enterprises to bring their own customer data securely in a privacy-compliant manner to ad platforms in order to better target their own customers and to find new customers that look like their best ones. Wix, the global leader in do-it-yourself websites, recently rolled out its latest innovation of artificial intelligence (AI) website creation – Wix ADI (Artificial Design Intelligence) – where a new user answers a few questions about their business and Wix automatically designs the first draft of a website. This should vastly improve conversion rates because it addresses the all-too-human psychological trait of having a hard time just getting started (sometimes called "analysis paralysis"). Over time, the more websites Wix automatically designs, and the more it watches how its users modify the initial drafts, Wix's ADI website generation should get better and better.

Below is our more inclusive list of the powerful secular themes in which we invest:

- Cloud computing and software-as-a-service (SaaS)
- Mobile
- Big data and analytics
- Digital (Internet-delivered) media
- E-commerce
- Genetics
- Electronic medical records
- Minimally-invasive surgical procedures
- Targeted digital advertising
- Cybersecurity
- Electric drive vehicles and autonomous driving
- Electronic payments

By pinpointing innovative businesses capitalizing on these potent secular trends, we have been able to build portfolios that consistently deliver top-line growth rates that are orders of magnitude above the general economy, as reflected in broad market indexes. Below we show the revenue growth rates of the S&P 500 Index, the Russell 3000 Index, and the Russell 3000 Growth Index as compared to our portfolio for the first, second, third and fourth quarters of 2016:

Comparison of Revenue Growth (based on end-of-the-quarter holdings)

	Actual Q4 2016	Actual Q3 2016	Actual Q2 2016	Actual Q1 2016
S&P 500 Index	4.42%	2.66%	1.27%	–0.53%
Russell 3000 Index	4.40%	2.78%	1.32%	–0.18%
Russell 3000 Growth Index	6.65%	5.79%	5.52%	5.07%
Baron Opportunity Fund	25.12%	27.68%	25.83%	23.21%

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Percent Impact
Tesla, Inc.	1.36%
Amazon.com, Inc.	1.33
Mobileye N.V.	0.93
Glaukos Corporation	0.85
Guidewire Software, Inc.	0.79

Shares of electric vehicle company **Tesla, Inc.** rose during the first quarter on the back of several positive developments. In January, Tesla officially launched cell and battery production at the Gigafactory, one of the world's largest manufacturing facilities, which will potentially drive significant electric battery cost reductions. On its fourth quarter earnings call, Tesla forecast 47,000 to 50,000 first half deliveries of its Model S and X vehicles, an increase of 65%. Moreover, Tesla announced that it remains on target for a 2017 launch of its mass market Model 3, potentially the largest product cycle in history, with initial production slated to begin this summer. In March, Tesla raised almost $1.4 billion of capital, strengthening its balance sheet to support investments ahead of the Model 3 launch. Additionally, the company's SolarCity acquisition is on track, showing less cash drain than initially feared by investors. Finally, we believe a pro-U.S. jobs administration is a tailwind for Tesla as it is one of North America's fastest growing employers. (Ishay Levin/Gilad Shany)

Shares of **Amazon.com, Inc.**, the world's largest retailer and cloud services provider, rose during the first quarter after the company reported strong financial results. Amazon continues to benefit from its flywheel strategy, where more participation from Prime members drives greater loyalty and purchasing on Amazon.com. Indeed, according to recent surveys, Amazon captured 53% of U.S. e-commerce sales growth in 2016 (EMarketer, Inc.) and a full 55% of U.S. online shoppers begin their product discovery right on Amazon's site (Activate Tech and Media Outlook). Moreover, Amazon is the world's dominant provider of cloud computing services, with its Amazon Web Services (AWS) segment achieving an over $14 billion run rate and still growing almost 50%. We believe AWS will be a significant incremental contributor to Amazon's overall value creation. Finally, the company also continues to invest in new and potentially large business opportunities, such as TV content, voice-controlled services (Echo and Alexa), digital advertising, e-finance, business supplies and apparel. (Ashim Mehra)

Shares of **Mobileye N.V.**, maker of vision-based advanced driver assistance systems, rose in the first quarter in response to Intel's offer to acquire the company. We have long believed in the potential for Mobileye to become the "Intel Inside" of cars of the future. We think Mobileye's entrepreneurial management team has clear goals that can benefit society, and we look forward to its product development around semi-autonomous and autonomous driving. (Gilad Shany)

Shares of **Glaukos Corporation**, a pioneer of minimally-invasive products and procedures for the treatment of glaucoma, were up in the first quarter due to strong financial results that beat Street expectations, with revenues growing 64%. The company also raised 2017 guidance and announced favorable Medicare reimbursement. Glaukos' products and procedures are currently approved for only a subset of the market. We believe the company will continue to deliver strong growth as its product coverage broadens. (Josh Riegelhaupt)

Shares of P&C insurance software vendor **Guidewire Software, Inc.** were up in the first quarter. Guidewire is the leading P&C core systems vendor, as evidenced by near-perfect retention rates, growing installed base, and accelerating adoption. The company is early in its core system replacement cycle, and has tripled its addressable market through new products and cloud delivery. We believe that Accenture's new relationship with Guidewire will help to enhance pricing and win rates and shorten sales cycles. (Neal Rosenberg)

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Percent Impact
Under Armour, Inc.	–0.21%
Benefitfocus, Inc.	–0.16
Zillow Group, Inc.	–0.13
Proofpoint, Inc.	–0.09
Synchrony Financial	–0.06

Shares of athletic apparel company **Under Armour, Inc.** declined in the first quarter after the company reported fourth quarter revenues and earnings and provided 2017 guidance that missed Street expectations. Increased promotional activity in the athletic apparel space, improved competitor positioning and the bankruptcy of Sports Authority is pressuring UA's wholesale business. We exited our remaining UA shares during the quarter. (Michael Baron)

Shares of benefits software vendor **Benefitfocus, Inc.** were down in the quarter after the company reported 2017 guidance that was lower than analysts expected. We are aware of several short-term headwinds, including longer-than-expected implementation periods for large national accounts (resulting in delayed revenue recognition of these sizable deals), slower employer signings because of a sales restructuring (which created the national account team) and uncertainty in the market due to the political situation surrounding the Affordable Care Act. While we believe these headwinds will weigh on reported growth through mid-2017, we don't believe they impact the significant long-term opportunity. (Neal Rosenberg)

Zillow Group, Inc. is the leading online real estate company in the U.S. Shares were down after the company gave a 2017 profit outlook that missed Street expectations, due to strategic investments and what we believe are conservative expectations for the revenue impact of several recently launched new products. We believe these products will meaningfully drive Zillow's revenue capture of real estate advertising and will increase in their impact as we move through 2017. As the leader in a highly fragmented market, we think Zillow remains well positioned to continue to grow its market share. (Ashim Mehra)

Proofpoint, Inc. offers cloud-based cybersecurity and archiving tools to help companies protect assets such as e-mail, cloud software applications and social media. Shares fell in the first quarter due primarily, in our view, to a Street analyst downgrade that raised concerns regarding potential increased competition from Microsoft Office 365's built-in e-mail capabilities and risks of a deceleration of billing growth. We retain conviction in Proofpoint's growth drivers, including the importance of e-mail in today's workflow, the increasing need to protect against social engineering attacks, McAfee displacement, migration to Office 365 and growing channel partner programs. (Ishay Levin)

Synchrony Financial, the largest issuer of private label credit cards in the U.S., reported better-than-expected financial results with 12% growth in receivables, 13% growth in net interest income and significant margin expansion. However, the stock underperformed due to increasing concerns over consumer credit and broader underperformance of bank stocks, reversing their significant outperformance in the aftermath of the election. We continue to own the stock because we believe credit losses will be manageable and that the company has a long runway for profitable growth. (Josh Saltman)

Portfolio Structure

The Fund invests in high-growth, innovative businesses across all market capitalizations. As of the end of the first quarter, the largest market cap holding in the Fund was $579.4 billion and the smallest was $858 million.

The median market cap of the Fund was $14.6 billion. The Fund had $221.2 million of assets under management. The Fund had investments in 46 securities. The Fund's top 10 positions accounted for 45.3% of the portfolio.

Table IV.
Top 10 holdings as of March 31, 2017

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$423.0	$15.8	7.2%
CoStar Group, Inc.	6.8	13.1	5.9
Guidewire Software, Inc.	4.2	12.0	5.4
Gartner, Inc.	9.0	11.5	5.2
Tesla, Inc.	45.4	11.1	5.0
Alphabet Inc.	579.4	9.4	4.3
Acxiom Corporation	2.2	8.3	3.8
Visa, Inc.	206.2	6.6	3.0
Netflix, Inc.	63.6	6.3	2.9
ServiceNow, Inc.	14.7	5.7	2.6

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Purchased (millions)
SS&C Technologies Holdings, Inc.	$ 7.2	$3.9
Wix.com Ltd.	3.0	3.1
Varonis Systems, Inc.	0.9	2.7
Proofpoint, Inc.	3.2	2.3
Synchrony Financial	27.8	2.1

The Fund initiated a new position in **SS&C Technologies Holdings, Inc.** during the quarter. SS&C is a leading provider of mission-critical software products and services that allow financial service companies to automate and outsource business processes. SS&C offers a vast portfolio of applications and services for portfolio management and accounting, financial modeling, trading, treasury management, and in particular, fund administration. The company's products offer critical functionality to users, carry high ROIs relative to internally-developed software or paper-based processes, and are needed to meet regulatory requirements. We were able to acquire shares at attractive prices during the quarter due to market concerns about the health of the company's hedge fund administration business. We believe that SS&C is poised to generate accelerating organic growth as it benefits from its enhanced scale and an improved competitive environment in the fund administration space, cross-sells products and services to its dramatically expanded customer base, and focuses on revenue growth from the integration of the Advent, Citi and Wells Fargo's fund administration services, Conifer and Primatics acquisitions. SS&C now has a business that will generate almost $500 million per year in free cash flow, which opens up optionality around capital deployment, including continued M&A activity, deleveraging and a potential return of capital to shareholders.

We initiated a position in **Wix.com Ltd.** during the quarter. Wix is the global leader in the do-it-yourself website building market, with 100 million registered users and 2.5 million premium subscribers. In addition to website building, Wix provides micro-businesses with tools to run their businesses, including marketing, scheduling and relationship management, among others, while charging them only about $13 a month on average. Wix's growth is driven by extending its horizontal and vertical features as well as increasing the number of targeted verticals, such as hotels, restaurants, e-commerce and photographers. As highlighted above, Wix's product innovation drives increasing conversion rates and enables Wix to increase its wallet share. The source of Wix's competitive edge is its brand name and marketing reach along with its technological lead resulting in faster iteration with first-to-market features and vertical offerings. Wix's subscription business model yields strong cohort economics, creating a predictable and a profitable business model (acquire a cohort once, get subscriptions forever). We believe Wix has major upside as it continues to innovate and convert an increasing number of businesses to premium subscribers.

We initiated a position in **Varonis Systems, Inc.** this quarter. Varonis helps organizations manage and protect their unstructured human-generated data (think office documents, PDFs, etc.) through a unique mouse trap – a proprietary software engine that captures, stores and analyzes the metadata of files in real time. We like to think that Varonis is doing inside the enterprise what Google is doing over the internet – if you have an easy way to index every file and track its use, you can provide high value-add services. One of these important services is insider threat protection. Varonis enables information technology managers to understand, in real time, where their data is, who has access to it and how it's being used. This service has proven to be a highly effective tool in combatting the growing problem of ransomware. This has been one of the fundamental growth drivers for the company over the last year. Varonis has additional products and services, which we believe over time it will be able to sell into their existing and new customers. We believe Varonis plays in a large market with strong growth trends and benign competition. We like the pace of innovation and execution of the company and its consistency and look forward to seeing more from team Varonis in the future.

We recently established a position in **Proofpoint, Inc.** We believe it is addressing a large market opportunity through its leading cloud-based cybersecurity and archiving platform, enabling companies to protect assets such as e-mail, cloud software applications and social media. We believe Proofpoint is positioned to gain market share as customers rethink their security architecture following deployments of new cloud applications, such as Office365, as well as the rising complexity of the IT environment and the evolving cyber-threat landscape. In addition, we believe the recently announced partnerships with vendors such as Palo Alto, Splunk and McAfee should provide the company additional opportunity for accelerated growth. Lastly, we expect the company to continue to use the data it collects to create improved threat protection products, and to leverage its strong brand and customer relationships to cross- and up-sell these enhanced solutions into its expanding customer base.

We initiated a position in **Synchrony Financial**, the largest provider of private label credit cards in the U.S. Synchrony partners with leading retailers such as Lowe's, Walmart, and Amazon to offer their customers credit products to finance the purchase of goods and services. These partnerships are win-win-win since merchants benefit from higher sales and stronger customer loyalty, customers enjoy access to credit and promotional offers, and Synchrony earns attractive margins and returns on capital. We believe that Synchrony will be a prime beneficiary of the secular growth of private label credit cards, which is growing 2 to 3 times faster than overall retail sales and has a long runway for growth given that private label represents only 3% of total card spending in the U.S. Synchrony is the largest player in a consolidated industry with meaningful barriers to entry, including economies of scale, the importance of marketing expertise, close integration with merchants and long-term contracts. The company has significant excess capital and is a full U.S. taxpayer, so there's upside potential from capital deployment and corporate tax reform. Synchrony has a long track record of success under GE's prior ownership that we believe will continue for many more years.

Table VI.
Top net sales for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Sold (millions)
Alphabet Inc.	$579.4	$3.0
Mobileye N.V.	13.6	2.2
Equinix, Inc.	30.7	1.8
Amazon.com, Inc.	423.0	1.6
Mellanox Technologies Ltd.	2.5	1.4

The above-listed sales of **Alphabet Inc.**, **Equinix, Inc.** and **Amazon.com, Inc.** were merely trims, as all three stocks performed well in the quarter, in order to fund other purchases and the low level of Fund redemptions we experienced during the first quarter. Amazon remained the Fund's largest position, Alphabet (Google) a top 10 position, and Equinix a top 20 position.

We trimmed **Mobileye N.V.** after the announcement of its acquisition by Intel.

We sold about half of our **Mellanox Technologies Ltd.** position after the company reported a weaker-than-expected fourth quarter and gave first quarter guidance that also missed expectations. In 20/20 hindsight our sale was hasty and in error. As we dug in, we came to the conclusion that the short-term pressure on sales was merely due to timing and certain product transitions. We did not wish to compound our error, and we added back to our position even as the shares recovered. We remain quite confident in the opportunity ahead of Mellanox and its ability to capture it.

To conclude, I believe wholeheartedly in the strategy of the Fund: growth based on powerful, long-term, innovation-driven secular growth trends. In the highly uncertain world we live in, we believe non-cyclical, sustainable, and resilient growth should be part of investors' portfolios.

Sincerely,

Michael A. Lippert
Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Adviser believes that there is more potential for capital appreciation in securities of high growth businesses benefiting from innovation through development of pioneering, transformative or technologically advanced products or services, but there also is more risk. Companies propelled by innovation, including technological advances and new business models, may present the risk of rapid change and product obsolescence and their successes may be difficult to predict for the long term. Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Opportunity Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

RONALD BARON

CEO AND PORTFOLIO MANAGER

Retail Shares: BPTRX
Institutional Shares: BPTIX
R6 Shares: BPTUX

Dear Baron Partners Fund Shareholder:

Performance

Baron Partners Fund's performance during the three months ended March 31, 2017 was strong. Its share price (Institutional Shares) increased 12.15%. This compares to the 6.89% gain for its primary benchmark, the Russell Midcap Growth Index. Morningstar ranked Baron Partners Fund's performance among the 20 best performing funds in the Morningstar US Fund Mid-Cap Growth Category during the 2017 first quarter. †

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Partners Fund Retail Shares[1,2,3]	Baron Partners Fund Institutional Shares[1,2,3,4]	Russell Midcap Growth Index[2]	S&P 500 Index[2]
Three Months[5]	12.03%	12.15%	6.89%	6.07%
One Year	19.83%	20.15%	14.07%	17.17%
Three Years	5.87%	6.16%	7.88%	10.37%
Five Years	13.54%	13.84%	11.95%	13.30%
Ten Years	7.02%	7.25%	8.13%	7.51%
Since Conversion (April 30, 2003)	12.95%	13.12%	11.14%	9.27%
Fifteen Years	10.14%	10.29%	8.57%	7.09%
Twenty Years	11.29%	11.40%	8.79%	7.86%
Since Inception (January 31,1992)	12.52%	12.62%	9.39%	9.42%

U.S. stock prices had been highly correlated regardless of underlying business fundamentals from peak prices preceding the financial panic in 2008 through the recovery that extended through 2013. They have since been meaningfully less correlated, particularly in the last two quarters. We expect stock prices to remain more closely related to the fundamentals of their underlying businesses and less correlated with each other. We expect Baron Partners Fund to benefit from this change. This is since we expect the U.S. stock market and our economy to grow 5-6% per year in nominal terms (2-3% "real"), while the businesses in which Baron Partners Fund invests in our opinion could grow 15% per year or more over the long term. We believe faster long-term growth of Baron Partners Fund's portfolio investments will be reflected in faster appreciation than passive market benchmarks over the long term, although we cannot guarantee it will.

Baron Partners Fund's strong performance in 2017 followed disappointing results for the three years ended December 31, 2016. During that period, Baron Partners Fund's shares gained on average only 4.00% per year compared to 6.23% growth per year for its benchmark Russell Midcap Growth Index. From 2014-2016, Baron Partners Fund's performance ranked in the 51st percentile compared to its peers. This is far below our long-term

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares as of December 31, 2016 was 1.78% (comprised of operating expenses of 1.35% and interest expense of 0.43%) and Institutional Shares was 1.52% (comprised of operating expenses of 1.09% and interest expense of 0.43%). The performance data quoted represents past performance. *Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expenses offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

† The Institutional Share Class was ranked #20 by Morningstar out of 659 funds (share classes) in the Morningstar US Fund Mid Cap Growth Category, for the three-month period ended March 31, 2017; #82 out of 635 funds (share classes) for the 1-year period; #20 out of 500 funds (share classes) for the 5-year period; #186 out of 368 funds (share classes) for the 10-year period; and #4 out of 281 funds (share classes) for the period from 4/30/2003 (date of conversion to mutual fund) – 3/31/2017. Morningstar rankings are based on total returns for the three-month, 1-, 5-, 10-year, and since conversion (4/30/2003) periods ended 3/31/2017.

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 20% performance fee after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees the returns would be higher. The Fund's shareholders will not be charged a performance fee. The predecessor partnership's performance is only for periods before the Fund's registration statement was effective, which was April 30, 2003. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The indexes are unmanaged. The Russell Midcap® Growth Index measures the performance of medium-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The Russell Midcap Growth Index, the S&P 500 Index and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.

3 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

4 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

5 Not annualized.

BARON FUNDS® 1987

top 1% of peers' since inception performance record and far below this Fund's performance objective. *

Part of the underperformance from 2014 through 2016 resulted from the Fund's modest returns in 2016. Baron Partners Fund reported small gains during that period while its benchmark achieved strong returns. That was since businesses in which we had not invested like materials, energy, semiconductors, industrial and regional banks included in the benchmark, achieved exceptional gains. Stocks of regional banks, for example, gained 29% during the last seven weeks of 2016.

In Baron Partners Fund's December 2016 letter, we analogized our Fund's underperformance from 2014 through 2016 to the period from October 1998 to March 2000. That was at the peak of the Internet bubble and we owned no Internet stocks. The Russell Midcap Growth Index, propelled by Internet stocks, gained 110.65% during the 17 months! Baron Partners Fund increased in value 59.72% while the S&P 500 gained 32.29%. During the following nine years through December 2008, though, Baron Partners Fund's performance was positive while its benchmark and the S&P 500 lost money. Baron Partners Fund outperformed its benchmark index during those nine years by, on average, over 600 basis points per year! Said another way, if you had been unlucky enough to invest in Baron Partners Fund on December 31, 1999 before the Internet bubble burst and sold on December 31, 2008 near the bottom of the Financial Panic, you would have earned a positive approximate 15% return on your investment. If you had instead invested in a fund that duplicated the performance of the Fund's passive benchmark, you would have lost about one-third of your money.

From Baron Partners Fund's conversion to a publicly owned mutual fund on April 30, 2003, it has earned a 13.12% annual compounded rate of return. This compares to an 11.14% annual compounded rate of return for the Russell Midcap Growth Index, and a 9.27% annual return for the S&P 500. Since Baron Partners Fund's inception 25 years ago on January 31, 1992, the Fund achieved 12.62% annualized returns, almost the same as for the past 14 years. The Russell Midcap Growth Index gained 9.39% annualized and the S&P 500, 9.42%. Baron Partners Fund is ranked in the top 1% of Morningstar's midcap growth funds from its inception in 1992 and top 2% from its conversion to a mutual fund on April 30, 2003.* If you had invested $10,000 in Baron Partners Fund at its inception 25 years ago, that investment would now be worth $198,900. If you had invested $10,000 in a fund that matched the passive Russell Midcap Growth Index, it would now be worth $95,800.

As we discussed in our December 31, 2016 Baron Partners Fund letter, we believe Baron Partners Fund underperformed its index for the three years ended December 31, 2016 for three principal reasons:

1. 66.8% of Baron Partners Fund's assets were invested in 13 businesses whose stock prices significantly underperformed the growth of their businesses from 2014-2016. We did not think that was likely to last. During the most recent quarter, several stocks which had underperformed their businesses' results in the prior three years performed well. **Manchester United plc** gained 18.6%. **Air Lease Corp.** gained 13.1%. **Gaming and Leisure Properties, Inc.** increased 11.3%. **Tesla, Inc.** gained 30.2%.
2. Virtually all the businesses in which the Fund has invested are incurring significant expenses that are penalizing their current earnings. We think these current expenditures will enable those companies to soon become much larger. When those businesses' earnings growth rates accelerate, we expect their share prices to follow suit. In the meantime, strategic investments by these businesses are depressing their current earnings and their share prices.
3. 83.5% of Baron Partners Fund's investments as of December 31, 2016 have made strategic acquisitions that we expect to enhance their earnings over the long term but as a result of integration costs over the short term have often penalized current earnings and likely their current share prices.

Five stocks have notably continued to underperform. **Hyatt Hotels Corp.**, **Benefitfocus, Inc.**, **Zillow Group, Inc.**, **AO World plc** and **Under Armour, Inc.** We believe all those businesses have opportunities for significant growth.

Table II.
Performance
Periods of euphoria and stress

	"Yesterday" Clinton Years 1992-2000 12/31/99 P/E	Internet Bubble	"The Long and Winding Road" Bush Years 2000-2008 9/11; Iraq; Afghanistan; Housing Financial Panic	"Here Comes the Sun" Recovery and Quantitative Easing 2009-2013	"Helter Skelter" Fed Tightening	"Any Time at All"
	Annualized Returns					
	Inception 1/31/1992 to 12/31/1999	10/8/1998 to 3/9/2000	12/31/1999 to 12/31/2008	12/31/2008 to 12/31/2013	12/31/2013 to 3/31/2017	Inception 1/31/1992 to 3/31/2017
Baron Partners Fund (Institutional Shares)	22.45%	59.72%	1.54%	22.55%	7.41%	12.62%
Russell Midcap Growth Index	19.26%	110.65%	(4.69)%	23.37%	7.92%	9.39%
S&P 500 Index	20.21%	32.29%	(3.60)%	17.94%	10.14%	9.42%
Percentile rank in Morningstar Mid-Cap Growth Category*	15**	84**	16	26	28	1**
# of Share Class in the Category	83**	416**	366	531	575	31**
Morningstar US Fund Mid-Cap Growth Peer Group Avg	18.00%	120.57%	(3.33)%	20.97%	5.99%	9.02%

* The Morningstar US Fund Mid-Cap Growth Category Average is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth Category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the Category consisted of 635, 500, 368 and 281 funds (share classes) for the 1-, 5-, 10-year and since conversion (4/30/2003) periods. **Baron Partners Fund** Institutional Share Class ranked in the 13th, 4th, 51st and 2nd percentiles, respectively, in the Category. The Category consisted of 83, 416, 366, 531, 575 and 31 funds (share classes) during the time intervals 1/31/1992–12/31/1999, 10/8/1998–3/9/2000, 12/31/1999–12/31/2008, 12/31/2008–12/31/2013, 12/31/2013–3/31/2017 and 1/31/1992–3/31/2017, respectively. Baron Partners Fund Institutional Share Class ranked in the 15th, 84th, 16th, 26th, 28th and 1st percentiles, for the respective time intervals.

**Source: Morningstar Direct–Performance Reporting.

Table III.
Top contributors to performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$21.9	$45.4	30.24%	4.68%
IDEXX Laboratories, Inc.	2013	4.7	13.6	31.84	2.39
Vail Resorts, Inc.	2008	1.6	7.7	19.64	1.83
CoStar Group, Inc.	2005	0.7	6.8	9.94	1.34
Arch Capital Group Ltd.	2002	0.6	11.7	9.83	1.29

Shares of electric vehicle company **Tesla, Inc.** rose during the first quarter following its launch of GigaFactory, one of the world's largest manufacturing facilities, which will potentially drive significant cost reduction. Tesla is on target for a July 2017 launch of its mass market Model 3, potentially the largest product cycle in history. Additionally, the company's SolarCity merger is on track, showing less cash drain than initially feared by investors. We believe a pro-U.S. jobs administration is a tailwind for Tesla as it is one of North America's fastest growing employers. The company also raised $1.4 billion from capital markets during the period. As importantly, we think, was an announcement by Tencent, the largest publicly owned company in China, that it had acquired 5% of Tesla for $1.8 billion. (Gilad Shany/Ishay Levin)

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** rose in the first quarter, rallying on strong financial results and multiple expansion. Competitive trends are strong and improving, highlighted by instrument revenue growth, domestic lab growth, rising sales productivity, and stability in rapid assays. We think that IDEXX's direct go-to-market model coupled with meaningful research and development-driven product enhancements will put steady upward pressure on organic revenue and earnings growth over time. (Neal Rosenberg)

Shares of ski resort company **Vail Resorts, Inc.** increased in the first quarter due to increased visitation and spend levels in a strong ski season. We believe Vail's recent acquisitions of Whistler Blackcomb, Park City, and Perisher continue to help drive season pass sales and visitation, which, in turn, help insulate earnings from poor snowfall seasons and improve cash flow. (David Baron)

Table IV.
Top detractors from performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Under Armour, Inc.	2016	$16.0	$8.3	–29.33%	–1.17%
AO World plc	2015	0.9	0.7	–24.34	–0.70
Zillow Group, Inc.	2014	4.3	6.2	–7.24	–0.40
Hyatt Hotels Corp.	2009	4.2	7.0	–2.32	–0.18
Benefitfocus, Inc.	2015	1.1	0.9	–5.87	–0.05

Shares of athletic apparel company **Under Armour, Inc.** declined in the first quarter on reported earnings and guidance that missed Street expectations. Increased promotional activity, improved competitor positioning, and a key distributor's bankruptcy lowered wholesale revenue. The company is attempting to diversify its wholesale distribution domestically while growing into other geographies and categories, which will likely cut into profitability over the next year, in our view. We believe many of these issues are temporary and the long-term demand and earnings potential remain relatively intact. (Michael Baron)

AO World plc is the leading online seller of major domestic appliances in the U.K. Shares were down in the first quarter as the company continues to be impacted by rising manufacturing prices as the British pound weakens relative to the Euro. We expect these higher prices to stabilize later in 2017. AO continues to execute its domestic plan and take share from competitors, and we expect its German business to expand while the company works to improve terms with vendors in advance of further volume expansion. (Ashim Mehra)

Zillow Group, Inc. is the leading online real estate company in the U.S. Shares were down in the first quarter after the company reported a 2017 outlook that missed Street expectations. We believe that several products launched at the end of 2016 and early this year will start to have a positive impact on Zillow's revenue growth through 2017. As the leader of a highly fragmented market, Zillow remains well positioned to grow its share, in our view. (Ashim Mehra)

Recent Developments

During the first quarter of 2017, Tesla's stock price increased 30.24% to $278.30 per share. Tesla is Baron Partners Fund's largest holding and represented 14.2% of this focused Fund's gross portfolio investments (18.2% of net assets) at quarter end. Until 2017, Tesla's share price had been range bound principally between $200 and $250 per share since 2014. During that period, Baron Partners Fund purchased 1.1 million Tesla shares for an average cost of $213.35 per share. At the date of this letter, Tesla's share price was above $300 per share.

Since 2013, Tesla has more than tripled its annual revenues to more than $7 billion. Demand for Tesla's new and used Model S sedans and Model X crossover cars continue to exceed its production capacity and "for sale" used cars. Tesla's $100,000 luxury "S" sedans and "X" crossovers already outsell Mercedes Benz' luxury cars…even in Europe! While Tesla's Models S and X represent about 8% of worldwide luxury car sales, luxury cars comprise less than 2% of worldwide automobile sales. We believe Tesla's revenues will increase at an even faster rate following the introduction this summer of its mass market, $35,000, Model 3 sedan.

Tesla opened its first car assembly line in its Fremont, California plant in 2012. Tesla's production capacity was then 1,000 cars per week. That year Tesla sold only 2,000 cars. In 2015, Tesla opened a second line in its Fremont factory, this one with the capacity to produce 3,000 Model "S" sedans and Model "X" crossover cars per week. In 2017 it sold 76,000 cars. In July 2017, Tesla plans to open its third production line in the Fremont facility. This line has planned capacity initially of 5,000 Model 3 cars per week which will eventually scale to 10,000 Model 3 cars per week.

Many investors worry about competition for Tesla from large, hundred year old automobile original equipment manufacturer (OEM) car makers. Those car companies have billions invested in plants that provide them with expertise and competitive advantage to make ICE cars (cars that use internal combustion engines instead of Tesla's batteries). Those plants would become "stranded assets" if abandoned or converted to make electric cars. OEMs also have large, legacy, independent dealer networks reliant upon servicing cars with internal combustion engines. Electric cars need little servicing. Electric cars also don't need gasoline and gasoline stations. Traditional ICE OEMs are also constrained by their entrenched legacy distribution channel that limits their abilities to offer services provided by Tesla's efficient, direct to consumer sales organization.

General Motors recently introduced Bolt, a compact, mass market, electric car. The Bolt is a *necessity* for GM to meet emission and mileage standards that will permit it to continue to sell its very profitable but low miles per gallon SUVs. GM has announced that it plans to sell 30,000 Bolt cars this year. It sold 3,000 in the first three months of 2017. Industry sources indicate Bolt sales have been disappointing and dealer inventories are high.

Tesla announced early last year that it would begin to manufacture and ship its Model 3 electric car in 2017. In the first six weeks following that announcement on May 18, 2015, Tesla received an astounding 373,000 orders for its Model 3! Customers placed those purchase orders with $1,000 deposits for a car buyers had never seen, had never sat in, had never driven and that would not be available for more than another year! We believe the reason for the enormous demand…with no advertising… is not just because the luxury Tesla S and X cars are beautiful, environmentally friendly, low maintenance and fun to drive. According to Department of Transportation statistics, Tesla cars are the *safest* cars ever made…and Tesla expects the Model 3 to be as praiseworthy.

Tesla has spent the past five years making substantial investments in infrastructure including hundreds of showrooms and maintenance facilities, thousands of charging stations, enormous battery and solar roof plants and a paint shop capable of painting 500,000 cars annually with capacity that can be doubled with modest additional investments.

I almost forgot. Panasonic is investing more than $1.5 billion in Tesla's $5 billion Reno Giga battery factory, the same amount in an expansion of the Reno factory and has committed to make an additional $250-300 million investment in Tesla's second Giga factory in Buffalo, New York. The Buffalo facility will produce solar roofs, a product about which we are also quite excited. We are also optimistic about Tesla batteries, its cars with autonomous driving capabilities, Tesla "mobility" services like Uber's (Tesla could make your car available to others when you are not using it which will offset your car payments) and utility network services.

Oh, one more thing. In late March, Tencent, the largest publicly owned company in China, announced that it had acquired 5% of Tesla's shares for $1.8 billion. Tencent is capitalized at $272 billion and is one of the fastest growing businesses in China. Tencent had purchased Tesla shares over the past two years in open market transactions and through Tesla secondary public equity offerings. Tencent's average purchase price was $217 per share. Although Tencent's investment in Tesla is "passive" at present, Tesla currently does about 15% of its business in China and it could be a lot easier to penetrate that very large market if Tesla had help from such a partner. We will see.

Finally, I have recently been asked by CNBC among other media to take a victory lap about our investment in Tesla. I have uniformly told everyone who asked that it is too early for us to claim victory for that investment. In fact, we think it will still be too early in 2020 or 2021 when we think Tesla could sell one million cars per year, produce $70 billion in revenue and more than $7 billion in operating profits before reinvesting in its business to grow several times larger. A lot has to go right for that to take place. But, few public businesses have such an opportunity or "story" as skeptics believe. We think the odds of success for Elon Musk's Tesla are favorable.

Investment Strategy And Portfolio Structure

The objective of Baron Partners Fund is to double its value per share within five years. Our strategy to accomplish this goal is to invest for the long term in a focused portfolio of appropriately capitalized, well-managed businesses at attractive prices across market capitalizations. The Fund uses leverage to manage position concentrations and enhance returns, which may increase the volatility of the returns. These businesses are identified by our Firm's proprietary research. We think these well-managed businesses have sustainable competitive advantages and strong, long-term growth opportunities.

As of March 31, 2017, Baron Partners Fund held 26 investments. The median market capitalization of these growth companies was $6.6 billion. The top 10 positions represent 75.7% of total investments and 97.6% of net assets.

While focused, the Fund is diversified by GICS sector. The weightings are significantly different than those of the Russell Midcap Growth Index, the index against which we benchmark our performance. Our allocations will likely change over time depending upon those businesses' prospects and their perceived investment opportunities. The Fund currently has a greater weight in Financials and Consumer Discretionary than the index, but is less exposed to Industrials and Health Care. The Fund has no holdings in the Energy or Materials sectors. These underweight sectors are reliant on commodity prices and regulation that are beyond the businesses' ability to control.

Table V.
Top 10 holdings as of March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Total Investments
Tesla, Inc.	2014	$21.9	$45.4	$308.9	14.2%
CoStar Group, Inc.	2005	0.7	6.8	227.9	10.5
Arch Capital Group Ltd.	2002	0.6	11.7	227.4	10.4
Vail Resorts, Inc.	2008	1.6	7.7	177.7	8.1
IDEXX Laboratories, Inc.	2013	4.7	13.6	154.6	7.1
Hyatt Hotels Corp.	2009	4.2	7.0	140.3	6.4
FactSet Research Systems, Inc.	2007	2.5	6.5	127.0	5.8
The Charles Schwab Corp.	1992	1.0	54.6	114.3	5.2
Manchester United plc	2014	2.8	2.8	90.4	4.1
Zillow Group, Inc.	2014	4.3	6.2	84.5	3.9

Thank you for investing in Baron Partners Fund.

Thank you for joining us as fellow shareholders in Baron Partners Fund. We believe the growth prospects for the businesses in which Baron Partners Fund has invested are favorable and improving. Since, in our opinion, the share prices of our businesses do not reflect their prospects, we believe they remain attractive. Of course, there can be no guarantee this will be the case.

We are continuing to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We also remain dedicated to continuing to provide you with the information we would like to have if our roles were reversed. This is so you will be able to make an informed decision about whether this Fund remains an appropriate investment for you and your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
April 20, 2017

Michael Baron
Assistant Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Adviser believes that there is more potential for capital appreciation using non-diversification and leverage, but there also is more risk. Specific risks associated with non-diversification and leverage include increased volatility of the Fund's returns and exposure of the Fund to greater loss in any given period. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and made difficult to sell during market downturns. Leverage is the degree to which an investor or business is utilizing borrowed money. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Partners Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

DEAR BARON FIFTH AVENUE GROWTH FUND SHAREHOLDER:

PERFORMANCE

We had a good start to the year.

The Baron Fifth Avenue Growth Fund (the "Fund") appreciated 15.2% (Institutional Shares), which compared favorably to returns of 8.9% for the Russell 1000 Growth Index and 6.1% for the S&P 500 Index, the Fund's benchmarks. Though we were pleased with the results, we believe reversion to the mean was the largest contributor to both absolute and relative outperformance. The Fund had a rough fourth quarter last year, underperforming significantly in the post-election rotation, and most of that reversed in the first quarter of 2017. As is frequently the case in a 31-stock portfolio like this, last quarter's detractors were our largest winners with **Amazon, Mobileye, Alibaba, Facebook,** and **Illumina** leading the way. The strength was broad based with 31 out of the 35 investments rising in value during the first quarter. We had 20 double-digit gainers, 15 holdings that rose more than 15%, and 10 investments that gained over 20%. **Under Armour** was our only significant decliner, but as one of the smaller positions in the Fund it did not have a material impact on overall results.

ALEX UMANSKY

PORTFOLIO MANAGER

Retail Shares: BFTHX
Institutional Shares: BFTIX
R6 Shares: BFTUX

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	15.13%	15.18%	8.91%	6.07%
One Year	18.67%	19.00%	15.76%	17.17%
Three Years	8.93%	9.20%	11.27%	10.37%
Five Years	11.57%	11.87%	13.32%	13.30%
Ten Years	6.71%	6.92%	9.13%	7.51%
Since Inception (April 30, 2004)	7.47%	7.63%	8.80%	8.28%

We have said in the past that we strive to apply the principles of value investing to the growth stocks that we hope to own for a very long time. In fact, we think all investing is "value"-based investing because growth (or growth rate, to be more precise) by definition is only one of the characteristics of a business and is one of the *variables* that goes into the calculation of a company's intrinsic value. Howard Marks, the Chairman of Oaktree Capital Management, L.P. has put together a slideshow entitled *The Truth About Investing*, which was recently posted by the CFA Society. In it, he outlines the nuances of investing and also includes notable quotes from others (you can see them all here: http://www.marketfolly.com/2017/04/howard-marks-truth-about-investing.html#ixzz4eo583eCn).
Mr. Marks writes: "Superior results don't come from buying high quality assets, but from buying assets – regardless of quality – for less than they're worth. It's essential to understand the difference between buying good things and buying things well." This is similar to what Warren Buffet, the most successful value investor of our time has said on numerous occasions: "You don't make money by buying a good asset, a good building, or a good stock. You make money by buying things for less than they are worth." The problem with this concept is that a company's worth (also known as the company's intrinsic value) cannot be calculated precisely. It can only be estimated. This exercise becomes more complicated when the company is going through a rapid growth stage of its lifecycle where the exercise necessarily turns from estimating what the company is "reasonably" worth today, to what the company is *likely going to be worth* some time in the future. All estimations of intrinsic value (present value of all future cash flows that the business will produce) require making reasonable assumptions about the company's growth rates (near to midterm, as well as terminal growth rates, but also things like the cost of capital and capital intensity, which will vary), but the further out you go, the more imprecise your

Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail Shares as of September 30, 2016 (restated to reflect current fees) was 1.14% but the net annual expense ratio was 1.10% (net of the Adviser's fee waivers) and Institutional Shares was 0.85%. The performance data quoted represents past performance. *Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's, shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.*

1 The indexes are unmanaged. The Russell 1000® Growth Index measures the performance of large-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.
2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.
3 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.
4 Not annualized.

estimation will likely turn out to be. It is rather difficult to estimate the intrinsic value of companies that are growing very rapidly and appear to be able to sustain the rapid growth for a prolonged period of time.

I recently had a conversation with Ron Baron, the most successful "Baron" investor of our time, who explained that he made a lot of money for his clients over 40+ years by approaching investing from a different perspective. "It's all about the competitive advantage, and the people who have the ability to execute on it," Ron said. "Once in a while you get these really special people who come up with these incredible ideas and they never let go. I was buying Nike, Federal Express, Disney, McDonald's for my clients who were telling me I was nuts because of how expensive their stocks appeared to be at the time (this was a long time ago). The only regret I ever had buying these companies was not buying enough. You see, great businesses, with real competitive advantages, that are managed by talented people can rarely be purchased for less than they are "worth." If you keep waiting for your "margin of safety" the opportunity to purchase some of the best, most unique companies for your clients will often be missed." Missing "big ideas" and 100-baggers is par for the course for classical value investors like Warren Buffett and Howard Marks. Not so for investors like us. We specifically seek out "big ideas" that could be 100-baggers. That means that sometimes we are going to be early and the desired margin of safety may not be there or may not become apparent until many years later. That brings us to the two new investments we made during the first quarter.

We purchased a small position in **Snap, Inc.,** the parent company of Snapchat at its initial public offering at $17 per share. The debate on the Street seems to be whether Snap is more likely to be the next Facebook or the next Twitter. Facebook stumbled out of the block, in the midst of a transition from desktop to mobile, only to increase eight-fold over the next four and half years while becoming the dominant global social media platform. Twitter, on the other hand, debuted to much fanfare and excitement only to fizzle amid lackluster user growth and declining engagement, and that's with the commander-in-tweet using it as a platform of choice to communicate with the world. In this case, we think the Street is asking the wrong question. It is too late for anyone to be the next Facebook (or Amazon or Google for that matter). The unprecedented scale and associated network affects have created an insurmountable competitive advantage in our view. It has become increasingly difficult for any competitor to differentiate itself, and unlike the IBMs or Walmarts of the past, Facebook is the most nimble and agile giant we know. Having said that, we think that Snap is a clear beneficiary of the digital transformation that is undermining traditional media businesses. The old model of saturating TV viewers with impressions for them to act on later in stores is being disrupted. A simple swipe on their phone allows Snapchat users to buy a product straight off of the ad. Not only will the advertiser know exactly what the conversion rates are but also what is working and what is not, what the demographics are, and what the returns on each ad look like. The gap between a TV spot and a purchase decision is simply too long to be effective. What's more, the youngins are watching less and less TV (especially live TV) and are spending more and more of their time online – these are the trends that are clearly favorable for Snap. Penetration and engagement also matter a great deal. In the U.S., 70% to 80% of internet users are active users of YouTube and Facebook. Snapchat is #3, trailing by 10 points whereas Twitter is roughly at half that rate. Once you segment it further, the younger, 13 to18-year-old demographic, 91% watch YouTube, 61% use Facebook (and/or Instagram), and almost 70% use Snapchat. Twitter usage is below 40% there. Bottom line, while we think it is too late to be the next Facebook or Google, Snapchat's opportunity is large and the ongoing digital transformation is clearly in its favor.

We also purchased a small position in **Tesla, Inc.** at an average price of $249.80. Though Tesla is best known for its Model S and Model X (and soon to be Model 3) electrical vehicles we think of Tesla as an emerging, next generation platform for clean, autonomous, shared mobility. We admit to not having a ton of visibility of when or exactly how Tesla will get there, but we think its opportunity is enormous and Elon Musk is one of those generational leaders who will get it there. Bulls have often compared Tesla to Amazon in its earlier stages (which frankly made us cringe, given the difference in capital intensity, cash flow profiles, regulatory, and the inherent difficulties of the automotive manufacturing business) in terms of its ingenuity, speed of innovation, and willingness to invest massively for the long term. They argue that investors who entrusted their capital to Amazon's CEO Jeff Bezos, thought that Amazon could become the "Everything Store," selling not only books and electronics, but consumer packaged goods, and clothing, and even groceries – which are very large markets. But even the most optimistic investors could not have envisioned that Amazon will be the largest seller of bytes and bits (AWS). We think there is a reasonable likelihood that Elon Musk's Tesla could play out the same way.

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Percent Impact
Amazon.com, Inc.	$423.0	2.69%
Mobileye N.V.	13.6	1.40
Alibaba Group Holding Limited	269.1	1.39
Facebook, Inc.	410.5	1.29
Illumina, Inc.	24.9	0.99

Shares of **Amazon.com,** Inc. reversed last quarter's losses and appreciated 18% in the first quarter of 2017. Amazon continues to benefit from its flywheel strategy, where more participation from Prime members drives greater loyalty and purchasing on Amazon.com. We believe that Amazon Web Services, a suite of cloud computing services, will be a large incremental contributor to overall value creation. Amazon is continuing to invest heavily in several growth initiatives, including Amazon studios, Alexa, India, Amazon Web Services, and distribution and fulfilment center expansions. We see the company as the undisputed global leader in the two secularly growing, multi-trillion dollar markets of e-commerce and cloud computing, and it remains our highest conviction long-term investment idea.

Shares of **Mobileye N.V.,** maker of vision-based advanced driver assistance systems, jumped 61% after agreeing to be acquired by Intel for $63.54 in cash. We have long believed in the potential for Mobileye to become the "Intel Inside" of the future of autonomous and semi-autonomous vehicles. We think Mobileye's entrepreneurial management team has clear goals that can benefit society, and we look forward to following its progress. In the meantime, with the shares trading at just a few percentage points of the deal price, we have sold most of our investment.

Shares of **Alibaba Group Holding Limited,** the largest retailer and e-commerce company in China, rose 23% during the March quarter as a result of strong mobile and advertising growth. We expect mobile monetization to continue improving through 2017 while the company invests against new growth areas such as groceries, brand advertising, and cloud computing. We continue to believe that Alibaba represents a unique and compelling opportunity to invest in the long-term growth of e-commerce, mobile, and cloud-computing in China.

Shares of **Facebook, Inc.,** the world's largest social network and media company, appreciated 23%, driven by improvements in consumer engagement and monetization. Facebook continues to be the largest beneficiary of the ongoing consumer shift to mobile and utilizes its leadership position to provide targeted marketing capabilities to global advertisers. Facebook is in the early stages of monetizing online video and Instagram, which are both starting to contribute to incremental revenue growth, and is taking advantage of WhatsApp and Oculus as additional growth opportunities.

Shares of **Illumina, Inc.,** the leading provider of DNA sequencing instruments and consumables, rose 33% in the first quarter. In January, Illumina announced a new high throughput sequencing platform called the NovaSeq, which the company believes will create a meaningful replacement opportunity for the existing base and open new applications for DNA sequencing. We continue to believe Illumina has a long runway for growth driven by increasing adoption of DNA sequencing in clinical markets such as cancer screening, diagnosis, and treatment.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Quarter End Market Cap or Market Cap When Sold (billions)	Percent Impact
Under Armour, Inc.	$ 8.4	–0.28%
Synchrony Financial	27.8	–0.09
Concho Resources, Inc.	19.0	–0.04

Shares of athletic apparel company **Under Armour, Inc.** declined 26% during the period held on reported earnings and guidance that missed Street expectations. Increased promotional activity, improved competitor positioning, and a key distributor's bankruptcy lowered wholesale revenue. The company is attempting to diversify its wholesale distribution domestically while growing into other geographies and categories, which will likely cut into profitability over the next year, in our view. While we believe many of these issues are likely temporary and the long-term demand and opportunity are still there, we have decided to step to the sidelines.

Synchrony Financial is the largest issuer of private label credit cards in the United States. The company reported strong financial results with 12% growth in receivables, 13% growth in net interest income, and significant margin expansion. However, the stock declined 5% over the course of the quarter due to increasing concerns over consumer credit and weaker performance of bank stocks after a big run in the prior quarter. We added to our investment because we believe credit losses will be manageable and the company has a long runway for profitable growth and an attractive valuation.

Concho Resources, Inc. is an independent exploration and production (E&P) company focused on the Permian basin in West Texas and New Mexico. Shares fell 3% during the quarter, after the company delivered a 2017 capital budget higher than investors expected, coupled with falling oil prices. As one of the best run mid-cap E&P companies, we believe Concho is well positioned to exploit the deep economic inventory of drilling locations in the Delaware basin. We also think investors under-appreciate its multi-year growth potential and the value of its Southern Delaware and Midland acreage positions.

Portfolio Structure

The Fund's portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level (rather than benchmark weights) determining the size of each individual investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

During the quarter we initiated two new investments (Tesla and Snap) and closed out three others (Allergan, Alexion Pharmaceuticals, and Under Armour).

The top 10 positions represented 61.9% of the Fund, the top 20 were 86.8%, and we exited the quarter with 31 holdings.

Table IV.
Top 10 holdings as of March 31, 2017

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Amazon.com, Inc.	$423.0	$23.7	15.6%
Alibaba Group Holding Limited	269.1	10.0	6.6
Alphabet Inc.	579.4	10.0	6.6
Facebook, Inc.	410.5	9.2	6.1
Equinix, Inc.	30.7	7.8	5.2
The Priceline Group, Inc.	87.5	7.7	5.1
Visa, Inc.	206.2	7.4	4.9
Mastercard Incorporated	121.2	7.3	4.8
Illumina, Inc.	24.9	5.3	3.5
Apple, Inc.	753.7	5.3	3.5

Recent Activity

In addition to initiating two and eliminating three investments, we added to six existing holdings and reduced eight others.

Table V.
Top net purchases for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Tesla, Inc.	$45.4	$1.2
Ctrip.com International, Ltd.	24.5	1.0
Synchrony Financial	27.8	0.9
Expedia, Inc.	18.9	0.6
Snap, Inc.	26.4	0.6

Shares of China's largest online travel company **Ctrip.com International, Ltd.** declined 14% in the fourth quarter of 2016 as a result of concerns regarding the devaluation of the renminbi and the harsh rhetoric used during the political campaigning period by the incoming U.S President raising fears of a potential trade war with China. We believe the impact on Ctrip's business would be minimal at worst and, with China recently becoming the world's biggest outbound tourism spender, we think the potential reward is substantially higher. The company has a stated goal of doubling its bookings to one trillion renminbi (approximately $145 billion at today's exchange rate) by the end of 2020. We suspect it will happen sooner. Potentially, a lot sooner. We continue to build our position in Ctrip.

We added to our investment in **Synchrony Financial,** the largest provider of private label credit cards in the U.S. Synchrony partners with leading retailers such as Lowe's, Walmart, and Amazon to offer their customers credit products to finance the purchase of goods and services. These partnerships are win-win since merchants benefit from increased sales and stronger customer loyalty, customers enjoy access to credit and promotional offers, and Synchrony earns high margins and returns on capital. We believe that Synchrony will be a prime beneficiary of the secular growth of private label credit cards. Private label card spending is growing 2-3x faster than overall retail sales and has a long runway for growth given that private label represents only 3% of total card spending in the U.S. Synchrony is the largest player in a consolidated industry with meaningful barriers to entry including economies of scale, the importance of marketing expertise, close integration with merchants, and long-term contracts. Synchrony has a long track record of success under GE's prior ownership that we believe will continue for many more years.

We continued to ramp up our investment in **Expedia, Inc.,** which we initiated in the third quarter of last year. Expedia is the largest global online travel agency in the U.S., and the second largest in the world. The company generates over $60 billion of global bookings and revenues of $6.6 billion. Expedia operates in 75 different countries and has over 18,000 employees globally. Expedia operates over 20 global brands including Expedia, Trivago, Hotels.com, Travelocity, CheapTickets, Wotif, Hotwire, and Venere. The company also recently acquired Orbitz and HomeAway. We believe Expedia is a leading player in a large and secularly growing online travel market where the penetration rate is still relatively low (Priceline Group and Expedia, the two largest players, account for less than 10% of the $1.4 trillion global travel market). Expedia has grown its supply of properties by 73,000 in the last two years (it now has 180,000 compared to 800,000 for Priceline) and improved its user interface leading to better conversion rates. We further believe that Expedia's margins and overall profitability, which have been running at about half those of Priceline, are poised for significant improvement over the next few years.

Table VI.
Top net sales for the quarter ended March 31, 2017

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (millions)
Mobileye N.V.	$ 13.6	$4.6
Allergan plc	73.7	2.4
Alexion Pharmaceuticals, Inc.	27.9	2.1
Under Armour, Inc.	8.4	1.2
Amazon.com, Inc.	423.0	0.8

Mobileye N.V. agreed to be acquired by Intel during the quarter and with the shares trading within a few percentage points of the cash offer and not expecting a higher competing bid, we sold most of our position.

We exited our investments in **Allergan plc** and **Alexion Pharmaceuticals, Inc.** after concluding that our initial investment thesis for both companies was incorrect.

Under Armour, Inc. has reported disappointing results and will likely be undergoing a transition period where the company will be trying to re-invent itself in an effort to return to continued high growth. We think there is a reasonable chance that they will be successful, but we lacked conviction and decided to step to the sidelines and redeploy capital into other ideas.

We modestly trimmed the size of our **Amazon.com, Inc.** position for purposes of risk management. Amazon continues to be our highest conviction long-term investment.

Outlook

2017 is off to a good start and we were able to recover all of the fourth quarter losses. After lackluster earnings growth last year, economists are predicting double-digit growth for S&P 500 earnings in 2017, driven by a reduction in corporate tax rates, improved backdrop for Financials, Energy, and Industrials companies. More relevant to our portfolio, digital ad spending and e-commerce are expected to grow in excess of 15% with spending on cloud computing growing more than 80%. This should favor many of the companies in which we are invested that have been growing even faster.

Every day we live and invest in a world full of uncertainty. Fed policy, China's economy, energy prices, politics, terrorism–these are all serious challenges with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create. We are confident that our process is the right one and that it will enable us to make good investment decisions over time.

Our goal remains to maximize long-term returns without taking significant risks of permanent loss of capital. We focus on identifying and investing in what we believe are unique companies with sustainable competitive advantages that have the ability to compound capital at high rates of return for extended periods of time. We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities.

Sincerely,

Alex Umansky
Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Fifth Avenue Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Dear Baron Focused Growth Fund Shareholder:

Performance

Baron Focused Growth Fund (the "Fund") had a strong start to the year. During the first quarter, the Fund increased in value per share by 8.55% (Institutional Shares), exceeding the Russell 2500 Growth Index, the benchmark against which we compare the performance of the Fund, by 230 basis points. That index rose 6.25% during the quarter. The S&P 500 Index, which measures the performance of large-cap companies, increased 6.07% during the same period.

The Fund's focused investments continue to make good progress against their large addressable markets. This quarter, unlike last quarter, they were rewarded with higher multiples and strong stock performance as investors rotated into the Fund's higher quality, secular growth businesses and away from more cyclical stocks and sectors.

RONALD BARON

CEO AND PORTFOLIO MANAGER

Retail Shares: BFGFX
Institutional Shares: BFGIX
R6 Shares: BFGUX

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Focused Growth Fund Retail Shares[1,2,3]	Baron Focused Growth Fund Institutional Shares[1,2,3,4]	Russell 2500 Growth Index[2]	S&P 500 Index[2]
Three Months[5]	8.53%	8.55%	6.25%	6.07%
One Year	10.27%	10.52%	19.77%	17.17%
Three Years	3.10%	3.38%	7.23%	10.37%
Five Years	7.80%	8.07%	12.17%	13.30%
Ten Years	6.18%	6.38%	8.47%	7.51%
Fifteen Years	10.62%	10.76%	8.69%	7.09%
Since Inception (May 31,1996)	10.54%	10.64%	7.52%	8.26%

The long-term absolute and relative performance of Baron Focused Growth Fund since its inception nearly 21 years ago has been strong, despite modest gains achieved during the past three years, and most notably, during the past year. The modest gains in the last six months of 2016 negatively impacted the Fund's relative performance over the past one-, three-, five- and ten- year periods.

Since its inception on May 31, 1996, the Fund's 10.64% annualized performance has exceeded that of its benchmark by an average of 3.12% per year. This means that a $10,000 investment in Baron Focused Growth Fund at its inception over 20 years ago would now be worth over $82,000! If an investor had instead invested $10,000 in a passive index that mirrored Russell 2500 Growth Index, it would be worth approximately $45,000. Please see Tables I and II.

Baron Focused Growth Fund's beta has averaged 0.77 since inception. This means the Fund has been 77% as volatile as the benchmark. As a result of Baron Focused Growth Fund's strong absolute and relative returns and lower risk, the Fund has achieved 4.93% annual "alpha," a measure of risk-adjusted performance, since inception.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2016 was 1.43% and 1.13%, but the net annual expense ratio was 1.35% and 1.10% (net of the Adviser's fee waivers), respectively. The performance data quoted represents past performance. *Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) for and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

1 Reflects the actual fees and expenses that were charged when the Fund was a partnership. The predecessor partnership charged a 15% performance fee through 2003 after reaching a certain performance benchmark. If the annual returns for the Fund did not reflect the performance fees for the years the predecessor partnership charged a performance fee, the returns would be higher. The Fund's shareholders will not be charged a performance fee. The performance is only for the periods before the Fund's registration statement was effective, which was June 30, 2008. During those periods, the predecessor partnership was not registered under the Investment Company Act of 1940 and was not subject to its requirements or the requirements of the Internal Revenue Code relating to registered investment companies, which, if it were, might have adversely affected its performance.

2 The indexes are unmanaged. The Russell 2500™ Growth Index measures are classified as growth and the S&P 500 Index of 500 widely the performance of small to medium-sized U.S. companies that held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.

3 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

4 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

5 Not annualized.

BARON FUNDS 1987

Baron Focused Growth Fund

Baron Focused Growth Fund, like all Baron Funds, utilizes a bottom up, fundamental research approach to invest in fast growing, competitively advantaged, well-managed businesses. We invest for the long term, and do not seek to change our portfolios from one quarter to the next as a result of macro events, which we consider impossible to predict.

Despite the market's recent gains, we believe many of the businesses owned by the Fund remain undervalued relative to their long-term potential. Many of these companies' stocks prices changed little during the past three years despite substantial growth of their businesses. We think this is because their earnings in the near term have been depressed by those companies' consistent re-investment in their businesses, with organic growth initiatives and opportunistic acquisitions.

Vail Resorts, Inc. continued to add to its portfolio of premier ski resorts with its purchase of Stowe Mountain in Vermont. Stowe offers Vail Resorts an excellent cross-sell of its annual Epic Ski Pass in the large East Coast market. **Hyatt Hotels Corp.**'s acquisition of Miraval Spas brings them an added level of service that for their business guests will distinguish their properties from rivals, increase both occupancy and revenue per guest, and improve its expansion prospects with developers.

CoStar Group, Inc., the leading provider of commercial real estate information, is generating robust double-digit revenue growth, while significantly investing in its business as it expands its sales, research, and product development capabilities. **Manchester United plc** has a globally recognized brand and vast worldwide following, with almost 700 million fans. The company is penalizing its present earnings by investing heavily in a new manager and players. We expect Manchester United's investments to boost its revenues more than 50% to $1.2 billion and double its EBITDA during the next five or six years. The company increased its revenue 31% and its EBITDA 42.5% during the last three years while its stock prices fell 12%. **Guidewire Software, Inc.,** the leading provider of technology solutions to the P&C insurance industry, is benefiting from a replacement cycle of 30-year-old legacy systems. Through innovation and targeted acquisitions, Guidewire has more than tripled its addressable market since becoming a public company. We believe the company has the potential to increase its EBITDA 10-fold over our investment horizon.

Table II.
Performance
Periods of euphoria and stress

	"Yesterday" Clinton Years 1992-2000 12/31/99 P/E 33x	Internet Bubble	"The Long and Winding Road" Bush Years 2000-2008 9/11; Iraq; Afghanistan; Housing Bubble; Financial Panic	"Here Comes the Sun" Recovery and Quantitative Easing 2009-2013	"Helter Skelter" Fed Tightening	"Any Time at All"
	Annualized Returns					
	Inception 5/31/1996 to 12/31/1999	10/8/1998 to 3/9/2000	12/31/1999 to 12/31/2008	12/31/2008 to 12/31/2013	12/31/2013 to 3/31/2017	Inception 5/31/1996 to 3/31/2017
Baron Focused Growth Fund (Institutional Shares)	27.87%	41.77%	2.72%	19.46%	2.98%	10.64%
Russell 2500 Growth Index	17.60%	126.53%	(3.99)%	24.03%	7.00%	7.52%
S&P 500 Index	26.58%	32.29%	(3.60)%	17.94%	10.14%	8.26%
Percentile rank in Morningstar Mid-Cap Growth Category*	24**	94**	11**	76	91	12**
# of Share Class in the Category	266**	416**	366**	531	575	86**
Morningstar US Fund Mid-Cap Growth Peer Group Avg	22.34%	120.57%	(3.33)%	20.97%	5.99%	8.28%

* The **Morningstar US Fund Mid-Cap Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Mid-Cap Growth Category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the Category consisted of 635, 500 and 368 funds (share classes) for the 1-, 5- and 10-year periods. **Baron Focused Growth Fund** Institutional Share Class ranked in the 61st, 71st, 44th and 12th percentiles, respectively, in the Category for the 1-, 5-, 10-year and since inception (5/31/1996) periods (consisted of 86 funds(share classes)). The Category consisted of 266, 416, 366, 531, 575 and 86 funds (share classes) during the time intervals 5/31/1996–12/31/1999, 10/8/1998–3/9/2000, 12/31/1999–12/31/2008, 12/31/2008–12/31/2013, 12/31/2013–3/31/2017 and 5/31/1996–3/31/2017, respectively. **Baron Focused Growth Fund** Institutional Share Class ranked in the 24th, 94th, 11th, 76th, 91st and 12th percentiles, for the respective time intervals.

** Source: Morningstar Direct-Performance Reporting.

Table III.
Performance Based Characteristics as of March 31, 2017

	Time Interval					
	Inception 5/31/1996 to 12/31/1999	10/8/1998 to 3/9/2000	12/31/1999 to 12/31/2008	12/31/2008 to 12/31/2013	12/31/2013 to 3/31/2017	Inception 5/31/1996 to 3/31/2017
Alpha (%)	12.42	5.94	5.97	–1.47	–2.67	4.93
Beta	0.85	0.37	0.69	0.89	0.84	0.77
# of Monthly Observations	43	18	108	60	39	250

Table IV.

Top contributors to performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Tesla, Inc.	2014	$31.2	$45.4	30.24%	3.36%
Vail Resorts, Inc.	2013	2.3	7.7	19.64	2.42
Manchester United plc	2012	2.3	2.8	18.60	0.81
CoStar Group, Inc.	2014	6.2	6.8	9.94	0.80
Financial Engines, Inc.	2014	1.8	2.7	18.70	0.66

Shares of electric vehicle company **Tesla, Inc.** rose during the first quarter following its launch of GigaFactory, one of the world's largest manufacturing facilities, which will potentially drive significant cost reduction. Tesla is on target for a July 2017 launch of its mass market Model 3, potentially the largest product cycle in history. Additionally, the company's SolarCity merger is on track, showing less cash drain than initially feared by investors. We believe a pro-U.S. jobs administration is a tailwind for Tesla as it is one of North America's fastest growing employers. The company also raised $1.4 billion from capital markets during the period. As importantly, we think, was an announcement by Tencent, the largest publicly owned company in China, that it had acquired 5% of Tesla for $1.8 billion. (Gilad Shany/Ishay Levin)

Shares of ski resort company **Vail Resorts, Inc.** increased in the first quarter on an earnings report that beat Street expectations due to increased visitation and spend levels in a strong ski season. Vail's recent acquisitions of Whistler Blackcomb, Park City, and Perisher continue to help drive season pass sales and visitation, which will help insulate earnings from poor snowfall seasons and improve its cash flow. (David Baron)

Manchester United plc is an English Premier League professional sports team that generates revenue from broadcasting, sponsorship, and licensing. Shares were up in the first quarter over enthusiasm around the hiring of Jose Mourinho as the new manager and the addition of marquee players to its roster. The company recently launched MUTV, a global video subscription offering, which we expect to grow over coming quarters and years. The company maintains a strong pipeline of sponsorship deals, and we expect shares to benefit as it provides greater detail on its merchandising and licensing strategy and new growth initiatives in 2017. (Ashim Mehra)

Table V.

Top detractors from performance for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap or Market Cap When Sold (billions)	Total Return	Percent Impact
Under Armour, Inc.	2017	$12.4	$11.5	–34.37%	–1.00%
AO World plc	2016	0.8	0.7	–24.34	–0.61
Benefitfocus, Inc.	2014	0.7	0.9	–5.89	–0.22
Hyatt Hotels Corp.	2009	4.2	7.0	–2.32	–0.21

Shares of athletic apparel company **Under Armour, Inc.** declined in the first quarter on reported earnings and guidance that missed Street expectations. Increased promotional activity, improved competitor positioning and a key distributor's bankruptcy lowered wholesale revenue. The company is attempting to diversify its wholesale distribution domestically while growing into other geographies and categories, which will likely cut into profitability over the next year, in our view. We believe many of these issues are temporary and the long-term demand for its products, and, as a result, its earnings potential remains relatively intact. (Michael Baron)

AO World plc is the leading online seller of major domestic appliances in the U.K. Shares were down in the first quarter as the company continues to be negatively impacted by rising appliance manufactured in Europe as the British Pound weakens relative to the Euro. We expect higher costs for AO products to stabilize later in 2017. AO continues to execute its domestic U.K. plan and take share from competitors. We expect its German business to expand while the company works to improve terms with vendors in advance of further volume expansion. (Ashim Mehra)

Shares of benefits software vendor **Benefitfocus, Inc.** fell in the first quarter after the company reported 2017 guidance that was lower than analysts expected. We see several short-term headwinds, including longer implementation periods for national accounts, slower employer signings because of a sales force restructuring, and a revenue share of BenefitStore commissions. While we believe these headwinds will weigh on reported growth through mid-2017, we don't believe they impact its large long-term growth opportunity. (Neal Rosenberg)

Investment Strategy & Portfolio Structure

The objective of Baron Focused Growth Fund is to double its value per share within five years. Our strategy to accomplish this goal is to invest for the long term in a focused portfolio of what we believe are appropriately capitalized, well-managed, small- and mid-cap growth businesses at attractive prices. We attempt to create a portfolio of less than 30 securities diversified by GICS sectors that will be approximately 80% as volatile (beta) as the market. These businesses are identified by our proprietary research.

As of March 31, 2017, Baron Focused Growth Fund held 16 investments. The weighted average market capitalization of these small- and mid-sized growth companies was $11.7 billion as compared with $4.8 billion for the benchmark Russell 2500 Growth Index. The Fund's average portfolio turnover for the past three years was 19.4%. This means the Fund has an average holding period for its investments of over five years. This contrasts with the average mid-cap growth mutual fund which typically turns over its portfolio every 18 months. From a quality characteristics standpoint, the Fund's investments have higher sales and earnings growth than the average holdings in the benchmark, are more conservatively financed (evidenced by lower debt to market capitalization ratio), and offer more consistent earnings (lower beta and lower standard deviation of EPS growth). We believe these metrics are important to help limit risk for this focused portfolio.

While focused, the Fund is diversified by sector. The Fund's weightings are significantly different than that of the Russell 2500 Growth Index. The Fund is further diversified by investments in businesses at different stages of growth and development. For example, we classify the holdings of Baron Focused Growth Fund as one of three types: rapid, early stage growth businesses; companies with irreplaceable assets that offer pricing power and a hedge against inflation; and foundational, long-term holdings that continue to steadily grow sales and earnings while using excess free cash to return value to shareholders.

Rapidly growing firms account for approximately 38% of the Fund's assets. On current metrics, these businesses look expensive; however, we think they will continue to grow and have the potential to generate exceptional returns. Examples of these companies include electric vehicle leader Tesla, commercial satellite company **Iridium Communications Inc.**, commercial real estate data supplier Costar Group and corporate benefits software provider Benefitfocus.

Companies with what we believe are irreplaceable assets make up approximately 29% of the assets. Vail Resorts, owner of the premier ski resort portfolio in the world, upscale lodging brand Hyatt Hotels and storied soccer franchise Manchester United's are all examples of companies we believe possess meaningful brand equity and barriers to entry in their businesses that equate to pricing power over time.

Steady growers that continually return excess free cash to shareholders represent approximately 22% of the portfolio. For example, **Choice Hotels International, Inc.** employs a capital-light franchise model for its mid-tier hotel brands that allows the company to return cash to shareholders through buybacks and dividends, while still achieving strong revenue and earnings growth. As the leading specialty P&C insurance underwriter in its industry, **Arch Capital Group Ltd.,** generates a steady stream of cash flow. Recently, the company acquired AIG's mortgage insurance subsidiary at what we believe was an unusually attractive price. That business complements Arch's underwriting philosophy. We expect this acquisition will lead to even faster growth in Arch earnings and book value per share.

Table VI.
Investments in Less Seasoned Growth Companies

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Tesla, Inc.	13.4%	2014	11.1%
CoStar Group, Inc.	8.3	2014	–3.2
Iridium Communications Inc.	4.1	2014	41.7
Financial Engines, Inc.	4.1	2014	29.9
Benefitfocus, Inc.	3.3	2014	2.5
Guidewire Software, Inc.	3.1	2013	21.9
AO World plc	1.8	2016	–13.5

Table VII.
Investments with Irreplaceable Assets

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
Vail Resorts, Inc.	14.0%	2013	229.2%
Hyatt Hotels Corp.	9.8	2009	92.8
Manchester United plc	5.0	2012	25.0

Table VIII.
Foundational Investments: Growth, Dividends, and Share Repurchases

	Percent of Net Assets	Year Acquired	Cumulative Return Since Initial Purchase
FactSet Research Systems, Inc.	6.6%	2008	255.0%
Arch Capital Group Ltd.	5.1	2003	767.6
Choice Hotels International, Inc.	5.0	2010	194.7
Church & Dwight Co., Inc.	2.7	2007	394.7
Verisk Analytics, Inc.	2.6	2009	192.7

For the quarter ending March 31, 2017, the Fund's top 10 holdings represented 75.4% of net assets. A number of these investments have been successful and were purchased when they were smaller businesses. We believe they continue to offer significant further appreciation potential, although we cannot guarantee that will be the case.

Table IX.
Top 10 holdings as of March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Net Assets
Vail Resorts, Inc.	2013	$ 2.3	$ 7.7	$26.1	14.0%
Tesla, Inc.	2014	31.2	45.4	25.0	13.4
Hyatt Hotels Corp.	2009	4.2	7.0	18.4	9.8
CoStar Group, Inc.	2014	6.2	6.8	15.5	8.3
FactSet Research Systems, Inc.	2008	2.5	6.5	12.4	6.6
Arch Capital Group Ltd.	2003	0.9	11.7	9.5	5.1
Choice Hotels International, Inc.	2010	1.9	3.5	9.4	5.0
Manchester United plc	2012	2.3	2.8	9.3	5.0
Iridium Communications Inc.	2014	0.6	0.9	7.7	4.1
Financial Engines, Inc.	2014	1.8	2.7	7.6	4.1

Thank you for investing in Baron Focused Growth Fund.

We are continuing to work hard to justify your confidence and trust in our stewardship of your family's hard-earned savings. We are also continuing to try to provide you with information I would like to have if our roles were reversed. This is so you can make an informed judgment about whether Baron Focused Growth Fund remains an appropriate investment for your family.

Respectfully,

Ronald Baron
CEO and Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Adviser believes that there is more potential for capital appreciation in small and medium-sized companies and using non-diversification, but there also may be more risk. Specific risks associated with non-diversification include increased volatility of the Fund's returns and exposure of the Fund to greater risk of loss in any given period. Securities of small and medium-sized companies may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Focused Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Beta: measures a fund's sensitivity to market movements. The beta of the market (Russell 2500 Growth Index) is 1.00 by definition.

P/E: the price earnings ratio is a valuation ratio of a company's current stock price to its actual earnings per share.

Alpha: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

Dear Baron International Growth Fund Shareholder:

Performance

Baron International Growth Fund (the "Fund") advanced 10.30% (Institutional Shares) for the first quarter of 2017, while its principal benchmark index, the MSCI ACWI ex USA IMI Growth Index, gained 9.11% for the quarter. While we outperformed our benchmark, international and emerging market equities recovered from prior quarter relative weakness, which we believe was largely a result of the surprise U.S. election victory by Donald Trump.

In our view, performance and leadership during the first quarter can largely be attributed to a moderation in expectations regarding Trump's policies, sustained global economic traction with international and emerging economies beginning to outpace the U.S., and a broadening recovery in China coupled with a rising likelihood of stability in the currency and capital flows. A key question looking forward is whether global growth momentum may be peaking and how global economies will absorb the impact of ongoing tightening measures in the U.S. and China. Thus far, markets and economic measures suggest that while growth may moderate, there are few risks of a more threatening downturn. While not surprised by the solid first quarter advance in equities, particularly those most threatened by Trump's more controversial policies, we are encouraged and remain optimistic as growth has accelerated in the major developed international jurisdictions while policy measures remain highly accommodative, and the cyclical earnings recovery in the emerging markets that we have been anticipating now appears well underway.

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron International Growth Fund Retail Shares[1,2]	Baron International Growth Fund Institutional Shares[1,2,3]	MSCI ACWI ex USA IMI Growth Index[1]	MSCI ACWI ex USA Index[1]
Three Months[4]	10.17%	10.30%	9.11%	7.86%
One Year	13.25%	13.55%	9.53%	13.13%
Three Years	2.76%	3.02%	1.69%	0.56%
Five Years	6.37%	6.65%	5.05%	4.36%
Since Inception (December 31, 2008)	11.04%	11.32%	8.73%	7.87%

MICHAEL KASS
PORTFOLIO MANAGER

Retail Shares: BIGFX
Institutional Shares: BINIX
R6 Shares: BIGUX

For the first quarter of 2017, we modestly outperformed our key international benchmark growth index. The quarter was marked by continued evidence of solid global economic momentum and a partial unwind of the Trump impact of the prior quarter. During the quarter, the dominant driver of relative performance was stock selection effect in the Industrials and Information Technology sectors. Within Industrials, **MonotaRO Co., Ltd.** and **FANUC Corp.** stood out as both benefited from perceived strength in the Japanese and global industrial outlook. Our new thematic concentration in Japan employment and recruiting oriented companies also contributed to relative strength in this sector. Strength in Information Technology was paced by **Momo Inc.**, a recent addition and the leading social video broadcasting platform in China, **Wix.com Ltd.**, an Israel-based website design and development firm serving small businesses, and **Mobileye N.V.**, the Israeli automated driving system supplier which during the quarter received a takeover proposal from Intel Corp. From a country perspective, stock selection was additive in both developed and emerging countries, while Israel, Japan, Brazil and China stood out. Partially offsetting the above, our cash position was the largest detractor from relative

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2016 was 1.65% and 1.36%, but the net annual expense ratio was 1.50% and 1.25% (net of the Adviser's fee waivers), respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.*

1 The MSCI ACWI ex USA indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes. The MSCI ACWI ex USA IMI Growth Index Net USD measures the equity market performance of large, mid and small cap growth securities across developed and emerging markets, excluding the United States. The MSCI ACWI ex USA Index Net USD measures the equity market performance of large and mid cap securities across developed and emerging markets, excluding the United States. The indexes and Baron International Growth Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

2 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Performance for the Institutional Shares prior to May 29, 2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to May 29, 2009 did not reflect this fee, the returns would be higher.

4 Not annualized.

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performance, while adverse stock selection in the Consumer Discretionary sector also impacted, driven by **Domino's Pizza Enterprises Ltd.** and **Domino's Pizza Group plc, AO World plc,** the U.K.-based online appliances vendor, and **PT Matahari Department Store Tbk** of Indonesia, where concerns over short-term fundamentals led to stock price declines.

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Percent Impact
Momo Inc.	0.61%
Smiles SA	0.59
MonotaRO Co., Ltd.	0.57
Wix.com Ltd.	0.54
Mobileye N.V.	0.53

Momo Inc. is a Chinese mobile-based social network platform. Shares were up in the first quarter, driven by the company's continued improvement in earnings as it transitions to a content-driven platform that focuses on live streaming and user-generated short videos. We believe that Momo has a strong runway for growth as it gradually establishes itself as a unique pan-entertainment mobile platform in China.

Shares of Brazilian loyalty program **Smiles SA** rose during the first quarter. The company continues to gain market share especially among bank customers, the most important and lucrative source of profitability for the loyalty industry. Additionally, Smiles' pace of growth indicates a positive inflection point in Brazil for both airlines and loyalty programs. We believe Smiles has a solid runway for growth as its shares trade at an inexpensive multiple, in our view.

Shares of **MonotaRO Co., Ltd.** increased in the first quarter. MonotaRO sells a variety of consumables to business customers in Japan and Korea. New customer acquisition continues to drive the majority of MonotaRO's growth, as it steals market share from higher-cost retail and wholesale distributors. We believe the company has a substantial opportunity to continue these share gains in its core Japanese market, with incremental opportunities in both Korea and Indonesia.

Wix.com Ltd. is the leading cloud-based web development platform for websites and mobile sites for micro businesses. Shares were up in the first quarter as a result of continued accelerated growth in new subscribers, higher conversion rates, and successful adoption of vertical solutions. We believe in Wix's long-term growth trajectory due to its potentially large market opportunity, strong cohort economics, strong brand, and innovative culture.

Shares of **Mobileye N.V.**, maker of vision-based advanced driver assistance systems, rose in the first quarter, driven by Intel's offer to buy the company. We have long believed in the potential for Mobileye to become the "Intel Inside" of the future of cars. We think Mobileye's entrepreneurial management team has clear goals that can benefit society, and we look forward to its product development around semi-autonomous and autonomous driving.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Percent Impact
AO World plc	–0.17%
PT Matahari Department Store Tbk	–0.14
Domino's Pizza Group plc	–0.13
Nets A/S	–0.11
Divi's Laboratories Ltd.	–0.09

AO World plc is the leading online seller of major domestic appliances in the U.K. Shares were down in the first quarter as the company continues to be impacted by rising manufacturing prices as the British pound weakens relative to the Euro. We expect these higher prices to stabilize later in 2017. AO continues to execute its domestic plan and take share from competitors, and we expect its German business to expand while the company works to improve terms with vendors in advance of further volume expansion.

Shares of **PT Matahari Department Store Tbk** declined in the first quarter following a disappointing earnings announcement. Matahari operates middle income department stores in Indonesia. We exited our position because of a growing discounting environment and concerns over e-commerce competition.

Domino's Pizza Group plc is the master franchiser of Domino's and operates in the U.K., Ireland, and other European countries. During the first quarter, shares were down after the company posted disappointing like-for-like sales for the first nine weeks of 2017, overshadowing record sales and profit growth for 2016. We believe that initial the 2017 performance was impacted by short-term effects and remain comfortable with our investment.

Nets A/S is a payment services provider in the Nordic region. The stock fell during the first quarter on concerns over increasing competition in mobile payments, the potential loss of a large bill payment processing contract, and possibly adverse changes from the Payment Services Directive in Europe. We exited our position.

Shares of **Divi's Laboratories Ltd.**, a leading Indian manufacturer of complex active pharmaceutical ingredients, declined in the first quarter. The stock fell after the company was issued an Import Alert by the FDA, owing to unfavorable observations noted during a surprise facility inspection. The company is committed to addressing all outstanding FDA observations with an estimated resolution timeframe of 18-24 months. We retain conviction in Divi's due to its industry-leading profitability and long-term relationships with major pharma clients.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2017 – Developed Countries

	Percent of Net Assets
Eurofins Scientific SE	3.0%
Softbank Group Corp.	2.6
Arch Capital Group Ltd.	2.5
Constellation Software, Inc.	2.5
Reckitt Benckiser Group Plc	2.4
RIB Software AG	2.3
Julius Baer Group Ltd.	2.1
Abcam plc	2.0
FANUC Corp.	1.9
Aena SA	1.9

Table V.
Top five holdings as of March 31, 2017 – Developing Countries

	Percent of Net Assets
Alibaba Group Holding Limited	2.1%
Tencent Holdings, Ltd.	2.1
Momo Inc.	1.6
YPF S.A.	1.5
Smiles SA	1.5

Exposure by Country: At the end of the first quarter of 2017, the Fund was invested 68.0% in developed countries and 25.4% in developing and frontier countries, with the remaining 6.6% in cash. The Fund seeks to maintain broad diversification by country at all times. A detailed review of the Fund's holdings by country is available at the back of this Baron Funds Quarterly Report.

Table VI.
Percentage of securities in developed markets as of March 31, 2017

	Percent of Net Assets
Japan	15.6%
United Kingdom	12.3
Germany	6.3
Israel	6.1
France	4.8
Canada	4.7
United States	4.3
Spain	4.0
Australia	3.2
Switzerland	2.1
Netherlands	1.4
Norway	1.4
Ireland	1.3
Hong Kong	0.5

Table VII.
Percentage of securities in developing and frontier markets as of March 31, 2017

	Percent of Net Assets
China	12.0%
India	4.9
Brazil	2.8
Argentina	1.5
Panama	1.3
Indonesia	0.9
Russia	0.8
Chile	0.8
Nigeria	0.4

The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. As of March 31, 2017, the Fund's median market cap was $8.8 billion, and we were invested approximately 56.2% in large- and giant-cap companies, 32.2% in mid-cap companies, and 5.0% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the quarter, we initiated several new positions while also adding to our new Japan employment and recruiting theme. Last quarter we noted that we believed a Trump presidency would likely result in higher growth and inflation, which in turn suggest higher interest rates and a steeper yield curve on the margin. Such an environment would favor the financial sector, particularly relative to the difficult headwinds such companies have faced for several years. Given our view that European monetary policy remains accommodative while growth prospects have brightened, we initiated a position in **BNP Paribas S.A.** of France, which we believe was offered at a particularly attractive valuation given recent concerns over upcoming elections. We also established a new position in **YPF S.A.**, the largest oil and gas operator in Argentina, where we believe the enlightened and aggressive policy reforms undertaken by new leader Mauricio Macri will lead to significant improvement in sovereign credit quality, growth potential, and global investor confidence. YPF and the Energy sector stand out as a key beneficiary of recent government reforms which will offer attractive terms of investment to lure international investment capital and industrial and technical expertise. In our Japan employment and recruiting theme, which we see as a major potential beneficiary of political commitment to rising wages and employment, we initiated positions in **TechnoPro Holdings Inc.** and **Recruit Holdings Co., Ltd.**, as we believe each are uniquely attractive and well-positioned. We also took advantage of the widespread weakness in emerging equities in late 2016 to begin several new developing world positions during this quarter. Momo Inc. is China's leading social video broadcasting player, which we see potentially evolving into a broad media & entertainment platform with exciting monetization potential. The company is already highly profitable today due to its highly efficient and low cost of subscriber acquisition, partially a reflection of strong popularity and leadership in a rapidly growing field. In addition, in India, we made initial investments in **Tata Communications Limited**, a global communications services provider with unique advantages in international internet hosting and connectivity, and **JM Financial Limited**, which we see as a major beneficiary of the likely shift in savings from real estate and gold towards financial assets that we expect to occur subsequent to recent demonetization and financial inclusion initiatives. In addition, we believe JM stands to benefit materially from Modi's recently announced commitment to restructure the considerable quantity of non-performing loans held by state-owned banks. Last, within the emerging markets, we made a modest investment in **Sberbank of Russia PJSC**, the dominant consumer banking franchise in Russia, where we are attracted to management's commitment to rationalize the cost structure and deliver on value creation potential to shareholders.

During the quarter we also exited a number of investments, largely over declining confidence in the longer-term fundamental or competitive outlook. Notable sales include **Yandex N.V.** of Russia, **Grupo Financiero Banorte, S.A.B. de C.V.** of Mexico, Scandinavian payments provider **Nets S/A**, **Steinhoff International Holdings N.V.**, **PT Matahari Department Store Tbk** of Indonesia, **Agnico-Eagle Mines Ltd.** of Canada, **Man Wah Holdings Ltd.**, the Hong Kong based furniture manufacturer, and gaming operator **Wynn Macau Ltd.**

Outlook

In our 2016 year-end letter we suggested that while, in our view, the broad market repricing which occurred post the U.S. election was directionally appropriate, the order of magnitude appeared to us exaggerated given the known and unknowns related to President Trump and his policies. For this reason, we generally made few modifications to our investment positioning in the period immediately following the election, which favored U.S. equities over their international counterparts. While global equities advanced in general, the first quarter of 2017 delivered the mean reversion in performance we had suspected, with a return to outperformance by growth over value and international and, particularly, emerging market leadership alongside a solid advance.

In our view, three key variables have influenced recent market performance as well as forward-looking expectations. First, is the walking back of the level of certainty in and moderation in anticipated terms of several of Trump's policy positions relative to what was espoused on the campaign trail and in the early days of his presidency. Challenges in implementing the travel ban, the failure to win Congressional approval of the proposed health care reform bill, and myriad resistance and/or dilution to protectionist measures are but a few examples that have undermined conviction in the economic and foreign policy outlook under Trump. These missteps have also raised questions regarding the impact upon the future fiscal balance and likely tax reform proposals, particularly the controversial border adjustment tax, which in our view remains a principal threat to international and particularly emerging market equities. In summary, reduced visibility over the likelihood of such proposals being enacted has driven a relief rally in the countries, currencies and sectors most directly threatened by Trump, reversing the fourth quarter performance bias.

Second, evidence of strong global economic momentum, which we believe was likely a principal driver of the post-election rally in U.S. and developed world international equities, continued throughout the first quarter. Given the timing of the election, it is difficult to dissect the specific impact of Trump's victory versus accelerating global growth, but we believe that some portion of the first quarter relative performance by asset class, sector and jurisdiction is also attributable to signs that global trade and international economic expansion, while previously lagging, is now clearly recovering and has begun to exceed domestic U.S. activity. We note that in Europe and Japan, policymakers remain highly accommodative, which we believe offers increased visibility regarding sustained economic growth, while Brexit and European election risk for now appears fairly contained. With regard to emerging markets in particular, we believe the market has finally embraced our view that we are on the cusp of a cyclical earnings recovery, and we suspect this was a second driver of the strong first quarter advance in related equities. Having said this, we believe that leading indicators of U.S. and global growth may well be peaking, and while this would generally suggest outperformance by quality growth equities in a moderating growth environment, we will remain attuned for any early signs of more troubling risk of a downturn.

Finally, China's economic recovery has gained steam as it has broadened well beyond the property and government- stimulus driven sectors, and this has served to improve sentiment regarding credit risk and currency stability in China. In our view, this is a third and significant support for global equities, particularly in the international and emerging markets. Further, at the recent National People's Congress meeting in mid-March, Chinese authorities introduced new reform measures which we believe can help China continue its transition from a credit-fueled, investment driven economy towards a healthier balance with increased exposure to consumption and value-added industries. In particular, we believe the announcement of the Hong-Kong bond connect program, which for the first time will open mainland Chinese bonds to investment by a broad base international fixed income investors, could be a major catalyst to stabilize capital flows and defuse concerns over the stability of the RMB. Global bond managers are currently well "underweight China" relative to China's global proportion of bonds outstanding. Given that six months remain until China's 19th National Congress, where Communist Party leadership and power will be determined for the next five years and beyond, we believe China is highly unlikely to be the source of any global or market instability in the year 2017.

In summary, while not surprised, we are encouraged that global markets are moving beyond the initial shock of the Trump victory, while reflecting that Trump's more controversial policies may be moderated. Further, we believe the strength in international and emerging market economies and corporate earnings is likely to sustain over the coming months and quarters, though we will continue to monitor for risks to this view, particularly given that the U.S. and China are likely to continue to unwind previous stimulus measures; for now the capital markets appear positioned to absorb this incremental tightening. We remain optimistic regarding the long-term potential for the high quality growth businesses in which we invest, and we look forward to our next update.

Sincerely,

Michael Kass
Portfolio Manager
April 20, 2017

Kyuhey August
V.P., Assistant Portfolio Manager

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. Specific risks associated with investing in small and medium-sized companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron International Growth Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Dear Baron Real Estate Fund Shareholder:

Performance

We are pleased to report that the Baron Real Estate Fund (the "Fund") generated both strong absolute and relative performance in the quarter ended March 31, 2017. During this period, the Fund gained 7.73% (Institutional Shares), outperforming its primary benchmark index, the MSCI USA IMI Extended Real Estate Index (the "MSCI Real Estate Index") that gained 5.72%. The Fund's 7.73% advancement also outperformed the MSCI U.S. REIT Index that gained 0.68% and the S&P 500 Index that gained 6.07%.

We are also pleased to report that, according to Morningstar, for the period ended March 31, 2017*:

- The Baron Real Estate Fund is ranked in the top 4% of all U.S. real estate funds for its 1-year performance;
- The Baron Real Estate Fund is ranked in the top 1% of all U.S. real estate funds for its 5-year performance; and,
- The Baron Real Estate Fund is ranked in the top 4% of all U.S. real estate funds since launching the Fund more than seven years ago on December 31, 2009.

Since the Fund's inception on December 31, 2009, the Fund's average annual return of 15.02% (Institutional Shares) outperformed the average annual return of the MSCI Real Estate Index (13.55%), the MSCI U.S. REIT Index (11.94%), and the S&P 500 Index (13.28%). During this time period, the Fund's cumulative return of 175.81% exceeded each of the cumulative returns of the MSCI Real Estate Index (151.18%), the MSCI U.S. REIT Index (126.52%), and the S&P 500 Index (146.98%).

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Real Estate Fund Retail Shares[1,2]	Baron Real Estate Fund Institutional Shares[1,2]	MSCI USA IMI Extended Real Estate Index[1]	MSCI US REIT Index[1]	S&P 500 Index[1]
Three Months[3]	7.65%	7.73%	5.72%	0.68%	6.07%
One Year	10.55%	10.87%	9.89%	1.89%	17.17%
Three Years	3.79%	4.07%	9.87%	8.67%	10.37%
Five Years	12.96%	13.25%	12.58%	8.49%	13.30%
Since Inception (December 31, 2009) (Annualized)	14.73%	15.02%	13.55%	11.94%	13.28%
Since Inception (December 31, 2009) (Cumulative)[3]	170.87%	175.81%	151.18%	126.52%	146.98%

JEFFREY KOLITCH
PORTFOLIO MANAGER

Retail Shares: BREFX
Institutional Shares: BREIX
R6 Shares: BREUX

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Percent Impact
Mohawk Industries, Inc.	$17.0	1.01%
InterXion Holding N.V.	2.8	0.80
Equinix, Inc.	30.7	0.62
American Tower Corp.	51.9	0.60
SiteOne Landscape Supply, Inc.	1.9	0.48

In the most recent quarter, companies from several real estate categories contributed to the Fund's solid performance.

Numerous residential real estate-related companies, including the Fund's largest holding in **Mohawk Industries, Inc.** (the world's leading flooring manufacturer), performed well, driven by the cyclical recovery in the housing market, accompanied by increased spending for home repair/remodeling, and the continuing rebound in commercial construction activity. We remain optimistic about the prospects for Mohawk (and many other residential real estate-related companies) because we believe that the

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2016 was 1.33% and 1.07%, respectively. The performance data quoted represents past performance. *Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

1 The indexes are unmanaged. The MSCI USA IMI Extended Real Estate Index is a custom index calculated by MSCI for, and as requested by, BAMCO, Inc. The index includes real estate and real estate-related GICS classification securities. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, reviewed or produced by MSCI. The MSCI US REIT Index is a free float-adjusted market capitalization index that measures the performance of all equity REITs in the US equity market, except for specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The S&P 500 Index measures the performance of 500 widely held large cap U.S. companies. The indexes and the Fund include reinvestment of interest, capital gains and dividends, which positively impact the performance results.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

* The **Morningstar US Fund Real Estate Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Real Estate category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the category consisted of 262, 205, and 164 funds (share classes) for the 1- and 5-year periods and since inception (12/31/2009) periods. Morningstar ranked **Baron Real Estate Fund Institutional Share Class** in the 4th, 1st, and 4th percentiles, respectively, in the category.

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housing market remains cyclically depressed and should continue to rebound if economic conditions remain healthy. Further, we anticipate that Mohawk may acquire additional companies that should accelerate its growth prospects.

Data center companies **InterXion Holding N.V.** and **Equinix, Inc.** continued to generate solid share price returns in the first quarter of 2017. We remain bullish about the prospects for these companies because we believe they are well positioned to benefit from the continuing multi-year secular growth in cloud computing, information technology spending, the adoption of the internet, digital video and photos, and increased corporate outsourcing of data center needs.

The shares of **American Tower Corp.**, the largest wireless tower company in the world, continue to trend higher bolstered by the secular industry tailwind of increasing usage and demand for wireless data-intensive devices such as iPhones, iPads, and other wireless devices. We believe the long-term prospects for American Tower are compelling.

A recent addition to the Fund, **SiteOne Landscape Supply, Inc.**, the largest and only national wholesale distributor of landscape supplies (outdoor lighting, fertilizers, grass seeds, turf care equipment, etc.), performed well in the first quarter of 2017.

We are optimistic about the prospects for SiteOne because we expect it to benefit both from a cyclical recovery in the residential real estate market and the ample opportunities to acquire and consolidate a highly fragmented industry. The company generated $1.5 billion in sales in 2016, representing approximately 10% of the $16 billion U.S. landscape supply market (its next closest competitor generated only $500 million in sales). We believe SiteOne, with its strong management team, solid balance sheet, and strong generation of free cash flow, is well positioned to more than double its market share in the years ahead.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Percent Impact
MGM Resorts International	$15.7	–0.34%
Vulcan Materials Company	16.0	–0.11
American Campus Communities, Inc.	6.4	–0.09
Park Hotels & Resort Inc.	5.5	–0.08
Vornado Realty Trust	19.0	–0.04

In the last few months, the shares of **MGM Resorts International** underperformed, following somewhat disappointing quarterly earnings results and poor communication by management. Subsequent to the recent quarter, after meeting and conferring with management, we remain optimistic about the company's prospects. We continue to believe that MGM offers an attractive combination of high quality real estate assets, a leading presence in Las Vegas (one of the strongest real estate markets in the U.S.), a strong growth outlook, and an improving balance sheet and free cash flow profile (the company recently initiated a dividend, and we believe may also begin to repurchase shares). We regard MGM as an attractively valued stock.

The shares of **Vulcan Materials Company**, the nation's largest producer of construction aggregates (crushed stone, sand/gravel) and a major producer of aggregates-based construction materials (asphalt and ready-mixed concrete), declined modestly in the last few months due to concerns about challenging weather conditions in some of its key geographic markets resulting in possible delays in infrastructure-related business activity, and concerns that growth in the first quarter of 2017 will disappoint relative to the very strong growth in the first quarter of 2016.

At its current valuation, we believe these concerns are largely reflected in its share price. We remain bullish about the company's prospects. We believe Vulcan possesses strong growth potential given that: (i) government spending on infrastructure projects is widely expected to accelerate; (ii) residential construction levels are improving; (iii) non-residential construction continues to rebound; and, (iv) we believe that management may be acquisitive in the years ahead.

The shares of a number of REITs lagged in the first few months of 2017, including the Fund's holdings in **American Campus Communities, Inc.**, **Park Hotels & Resort Inc.**, and **Vornado Realty Trust.** We believe this was primarily due to concerns that dividend-yielding securities, including REITs, could be adversely impacted as interest rates increase. Interestingly, however, REIT shares generally lagged even though interest rates such as the 10-Year Treasury Yield <u>declined</u> modestly in the first quarter. We continue to closely monitor the share prices and overall prospects for these REITs.

Portfolio Structure

We remain optimistic about the structure of the Fund. The five key themes that we continue to prioritize are:

1. <u>An Increased Emphasis on Growth</u>

   We anticipate that, given the President's and Congress' pro-business agenda, economic growth and interest rates are expected to head higher in the next few years. As such, we are focused on companies that we think should perform well in this environment. Examples include: (i) companies with short lease lengths and ongoing pricing flexibility such as hotels; (ii) real estate companies that should benefit from an improvement in the economy and construction activity such as building products/services companies; (iii) real estate companies with strong pipelines of development projects that will aid growth (infrastructure-related companies); and, (iv) real estate-related companies with strong balance sheets that are less sensitive to interest rate increases.

2. <u>A Moderation of our REIT Exposure</u>

   Presently, approximately 30% of the Fund's net assets are invested in REITs, and approximately 70% of its net assets are invested in the Fund's various other real estate-related categories. This represents a modest reduction of about 500 basis points in the Fund's REIT allocation in the last six months.

   The prospect of increased U.S. economic growth and contemplated higher interest rates could constrain dividend stocks such as REITs. We maintain, however, that a reasonable allocation to REITs is prudent in the context of our balanced real estate portfolio. Currently, there are certain REITs with valuations and business prospects that remain attractive. Further, if interest rates remain at these low levels, REITs are likely to perform well.

3. <u>A Prioritization of Residential Real Estate Exposure</u>

   The Fund invests in both commercial and residential real estate-related companies. We continue to prioritize U.S. residential real estate companies because we believe the residential real estate market has not yet fully rebounded, and currently offers more attractive cyclical upside and growth potential than the commercial real estate market.

Approximately 34% of the Fund's net assets are invested in companies that we think should benefit from the release of pent-up housing demand from the cyclically stagnant residential market. Examples include: building products/services companies (**Mohawk Industries, Inc., Home Depot, Inc.,** and **The Sherwin-Williams Company**), homebuilders (**Toll Brothers, Inc.**), single-family rental operators (**Invitation Homes, Inc.**), and construction materials companies (**Vulcan Materials Company** and **Martin Marietta Materials, Inc.**).

4. A Focus on Technology and its Impact on Real Estate

   Real estate-related companies that embrace and adopt the latest technological advances and innovations will be key beneficiaries of the technology revolution. These companies remain an important focus of the Baron Real Estate Fund, representing approximately 24% of the Fund's net assets. These include:

   (i) Data center companies: **Equinix, Inc.** and **Interxion Holding N.V.**

   (ii) Tower operators: **American Tower Corp.** and **SBA Communications Corp.**

   (iii) Industrial real estate companies: **Prologis, Inc.** and **Rexford Industrial Realty, Inc.** These firms can develop, advance and participate in the expansion of online sales to meet the demand for faster delivery.

   (iv) Commercial real estate data analytic companies: **CoStar Group, Inc.**

5. A Prioritization on Companies that can Benefit from Real Estate Tailwinds

   In addition to our focus on real estate companies that we think should benefit from the expected continued growth in technology, we are also prioritizing additional real estate categories and companies that we expect to profit from secular and/or cyclical improvements in real estate activity. Examples include:

   (i) Construction materials companies that should gain from increased government spending on infrastructure projects and increases in residential and non-residential construction. Examples include Vulcan Materials Company and Martin Marietta Materials, Inc.

   (ii) Student housing companies that are expected to profit from the growing number of universities that are outsourcing their student housing needs to developers. An example is **American Campus Communities, Inc.**

The Baron Real Estate Fund currently has investments in 11 real estate-related categories (see Table IV below). The Fund's diversification is in contrast to most other real estate funds that generally limit their investments primarily to one real estate category, REITs. We maintain that the Fund's broader, diverse, and more balanced approach is a long-term benefit.

Table IV.
Fund investments in real estate categories as of March 31, 2017

		Percent of Net Assets
REITs		29.7%
Building Products/Services		27.7
Hotel & Leisure		13.3
Hotels & Timeshare/Leisure	9.3%	
Cruise Lines	4.0	
Casinos & Gaming Operators		7.9
Data Center Operating Companies[1]		6.1
Real Estate Service Companies		5.3
Infrastructure-Related Real Estate Companies		3.7
Real Estate Operating Companies		2.4
Homebuilders & Land Developers		1.3
Tower Operators[2]		1.1
		98.5
Cash and Cash Equivalents		1.5
		100.0%

[1] Total would be 10.8% if included data center REIT Equinix, Inc.
[2] Total would be 7.3% if included tower REITs American Tower Corp. and SBA Communications Corp.

At March 31, 2017, we were invested in 43 companies. Our 10 largest holdings represent 44.4% of the Fund.

We invest in companies of all market capitalizations. At March 31, 2017, the median market capitalization of the Fund's investments was $10.9 billion. Companies with a market capitalization of less than $2.5 billion represented only 7.3% of the Fund.

Table V.
Top 10 holdings as of March 31, 2017

	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
Mohawk Industries, Inc.	$ 17.0	$58.5	6.3%
InterXion Holding N.V.	2.8	56.4	6.1
MGM Resorts International	15.7	48.9	5.3
Equinix, Inc.	30.7	44.2	4.8
American Tower Corp.	51.9	43.7	4.7
Home Depot, Inc.	176.6	42.4	4.6
Macquarie Infrastructure Corporation	6.6	34.1	3.7
Vulcan Materials Company	16.0	28.1	3.0
Hilton Worldwide Holdings, Inc.	19.3	27.6	3.0
CoStar Group, Inc.	6.8	27.1	2.9

Recent Activity

Table VI.
Top net purchases for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Wyndham Worldwide Corp.	$ 8.8	$23.9
Acuity Brands, Inc.	9.0	18.2
Invitation Homes, Inc.	6.8	14.3
Boyd Gaming Corporation	2.5	14.3
Equity Residential	22.8	13.2

In the most recent quarter, we initiated positions in an array of real estate-related companies.

Wyndham Worldwide Corp. is a leading hospitality company that commands the number one market share position in each of its three business segments:

(i) Wyndham is the world's largest franchisor of recognized brand hotels (over 7,900 hotels and 689,800 rooms) including Days Inn, Ramada Worldwide, and Howard Johnson;

(ii) The number one timeshare exchange and rental company; and,

(iii) Wyndham is the world's largest vacation timeshare owner (218 resorts and approximately 900,000 owners).

In addition to its leading market share positions, we believe Wyndham is an attractive investment opportunity because:

(i) the company generates a high percentage of predictable and stable cash flow. Approximately two-thirds of its revenues are generated from recurring fees (hotel franchising fees, vacation exchange and rental fees, property management fees);

(ii) its businesses should benefit from increased consumer and business confidence and an ongoing economic recovery;

(iii) Wyndham maintains a strong and liquid balance sheet, generates significant free cash flow (approximately $800 million annually), and has a strong track record of creating shareholder value by allocating capital prudently to a mix of dividends, stock repurchases, debt repayment, and acquisitions;

(iv) we believe the shares are attractively valued at only 13.5 times estimated 2017 earnings for approximately 12 to 15 percent earnings growth and only 8 times estimated cash flow;

(v) the company should be a beneficiary of anticipated tax reform given its relatively high tax rate (36.6%); and,

(vi) management recently noted that its Board of Directors is looking at a wide array of strategic options including splitting its businesses into three separately traded public companies. In our opinion, a separation of the three businesses makes strategic sense as it should lead to acceleration in growth and unlock value for shareholders. We estimate that the shares would reach approximately $110 per share in a split scenario or approximately 30% higher than its current price of $84 per share.

Acuity Brands, Inc. is a producer of lighting solutions for the residential, commercial, institutional, industrial, and outdoor end markets throughout North America and certain international markets. We recently began acquiring shares following a correction in its share price due to what we believe is a temporary moderation of the growth rate in the worldwide conversion to energy efficient LED lighting.

In our opinion, Acuity is an attractive long-term investment opportunity because the company is well positioned to capitalize on a multi-year secular growth opportunity in the lighting market has been transitioning to higher energy efficient, longer lasting, and higher functionality lighting systems ("LED" lighting).

In 2016, sales of LED lighting in North America were $19 billion. Management believes that the addressable market opportunity to convert traditional lighting to LED lighting is estimated at more than $500 billion or at least 25 times larger than 2016 estimated LED sales. With its (i) leading 20% market share position in North American lighting fixtures; (ii) the lighting industry's largest sales distribution network; and, (iii) its strong balance sheet (the company has more cash than debt), we believe Acuity is primed to capture a large portion of this attractive multi-year secular growth opportunity.

Invitation Homes, Inc. is the largest owner and operator of single-family rental homes in the U.S. with 48,000 homes located in 10 states. Its primary business strategy focuses on acquiring, renovating, leasing, and operating single-family homes as rentals, primarily in Florida and the western United States. We believe the company has assembled the premier single-family home rental portfolio in the U.S.

We are optimistic about the prospects for Invitation Homes primarily because we believe the demand outlook for single-family home rentals should continue to outstrip supply for the foreseeable future, thereby creating a favorable backdrop for strong rent and cash flow growth.

Demand conditions for rental homes are attractive due to increasing household formation and income growth, a decline in home purchase affordability, and the continued drop in homeownership relative to the increasing propensity to rent. With regard to new construction activity, there is a limited supply of single-family rental homes in the U.S. housing market. In our opinion, Invitation Homes, with its well-located real estate portfolio and impressive management team, has a strong runway for growth in the years ahead by generating solid rent increases and cash flow growth and, perhaps, acquiring additional homes for rent.

Boyd Gaming Corporation is an owner and operator of 24 casino and entertainment properties in seven states. We believe Boyd's nine Las Vegas assets (40% of the company's overall exposure) should continue to benefit from strong demand conditions in the Las Vegas market. Its 15 properties located in other markets should benefit from improved consumer sentiment and wage growth. We believe the shares are attractively valued, and management interests are aligned with shareholders given its 20% ownership of the company.

Equity Residential is the largest apartment REIT in the U.S. with investments in 302 properties consisting of more than 76,000 apartment units located primarily in urban and high density suburban locations in coastal gateway markets in Southern California, San Francisco, Seattle, New York, Washington, D.C., and Boston. The company was founded by and is currently chaired by Sam Zell, one of the leading commercial real estate investors globally. We recently acquired shares at what we believe is an attractive price relative to its private market value.

Table VII.
Top net sales for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Sold (millions)
CBRE Group, Inc.	$11.8	$16.4
Mohawk Industries, Inc.	17.0	15.6
American Campus Communities, Inc.	6.4	14.3
Masonite International Corp.	2.4	10.4
Equinix, Inc.	30.7	9.2

In the most recent quarter, we modestly trimmed our investments in **CBRE Group, Inc.**, **Mohawk Industries, Inc.**, **American Campus Communities, Inc.**, **Masonite International Corp.**, and **Equinix, Inc.** to reflect a modest re-balancing of the portfolio. We continue to own these companies, and remain optimistic about their business prospects.

Outlook

We remain bullish about the outlook for real estate and the prospects for the Fund for the following reasons:

1. We maintain that the factors that have fueled the resurgence in real estate largely remain in place: Demand continues to outstrip supply in most U.S. markets, balance sheets are generally in solid shape, and credit remains available at attractive interest rates levels.
2. Business conditions are solid for most of our real estate companies–both residential and commercial real estate–and the outlook does not portend a recession.
3. We anticipate that the length of the real estate cycle will persist for another few years. We are not witnessing the broad excesses and warning signs that typically signal the end of a cycle (i.e., an overheated economy, a broad spike in residential and commercial real estate activity, excessively relaxed bank lending standards, aggressive use of debt, and overly euphoric market sentiment).
4. As discussed in the "Portfolio Structure" section earlier in this letter, we have structured the Fund to capitalize on what we believe are compelling investing themes. They include:
   a. emphasis on companies that we expect to perform well as economic growth accelerates and interest rates rise;
   b. moderation of our REIT exposure due to the possibility of rising interest rates;
   c. attention to the rebound in the U.S. housing market;
   d. concentration in real estate-related companies that should benefit from the technology revolution (e.g., data center and tower operators); and,
   e. prioritization of additional real estate categories and companies that we expect to benefit from secular and/or cyclical tailwinds (e.g., infrastructure-related and student housing companies).
5. The Fund continues to be populated with several attractively valued companies across many segments of both commercial and residential real estate. Examples of real estate categories that continue to offer compelling value include: building products/services, casino and gaming operators, infrastructure-related real estate companies, commercial real estate services companies, homebuilders, cruise lines, timeshare operators, and select REITs.

Of course, we will remain vigilant in researching and monitoring possible factors that would cause us to turn more cautious, such as: a deceleration in demand, excessive increases in construction activity, increased restrictive lending policies, spikes in interest rates, and overly elevated valuations. While our antenna remains up, we maintain a favorable outlook.

Thank you for your past and continuing support. I remain a major shareholder of the Baron Real Estate Fund, alongside you.

Sincerely,

Jeffrey Kolitch

Jeffrey Kolitch
Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

In addition to general market conditions, the value of the Fund will be affected by the strength of the real estate markets. Factors that could affect the value of the Fund's holdings include the following: overbuilding and increased competition; increases in property taxes and operating expenses; declines in the value of real estate; lack of availability of equity and debt financing to refinance maturing debt; vacancies due to economic conditions and tenant bankruptcies; losses due to costs resulting from environmental contamination and its related cleanup; changes in interest rates; changes in zoning laws, casualty or condemnation losses; variations in rental income; changes in neighborhood values; and functional obsolescence and appeal of properties to tenants. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Real Estate Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such an offer or solicitation.

DEAR BARON EMERGING MARKETS FUND SHAREHOLDER:

PERFORMANCE

Baron Emerging Markets Fund (the "Fund") advanced 13.02% (Institutional Shares) for the first quarter of 2017, while its principal benchmark index, the MSCI EM IMI Growth Index, gained 12.56% for the quarter. Emerging market equities outperformed, while more than reversing the prior quarter loss, which we believe was largely a result of the surprise U.S. election victory by Donald Trump.

In our view, performance and leadership during the first quarter can largely be attributed to a moderation in expectations regarding Trump's policies, sustained global economic traction with international and emerging economies beginning to outpace the U.S., and a broadening recovery in China coupled with a rising likelihood of stability in the currency and capital flows. A key question looking forward is whether global growth momentum may be peaking and how global economies will absorb the impact of ongoing tightening measures in the U.S. and China. Thus far, markets and economic measures suggest that while growth may moderate, there are few risks of a more threatening downturn. While not surprised by the solid first quarter advance in equities, particularly those most threatened by Trump's more controversial policies, we are encouraged and remain optimistic that the cyclical earnings recovery in the emerging markets that we have anticipated now appears well underway.

Table I.
Performance
Annualized for periods ended March 31, 2017

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI EM IMI Growth Index[1]	MSCI EM IMI Index[1]
Three Months[3]	12.97%	13.02%	12.56%	11.65%
One Year	16.33%	16.64%	15.69%	16.83%
Three Years	1.93%	2.19%	1.93%	1.23%
Five Years	5.67%	5.94%	2.45%	1.05%
Since Inception (December 31, 2010)	3.75%	4.01%	0.45%	(0.49)%

MICHAEL KASS

PORTFOLIO MANAGER

Retail Shares: BEXFX
Institutional Shares: BEXIX
R6 Shares: BEXUX

For the first quarter of 2017, we modestly outperformed our key EM benchmark growth index. The quarter was marked by continued evidence of solid global economic momentum and a partial unwind of the Trump impact of the prior quarter. During the quarter, the largest driver of relative performance was stock selection effect in the Consumer Discretionary, Real Estate and Information Technology sectors. Within Consumer Discretionary, **Smiles SA** of Brazil and **TAL Education Group** of China stood out, while several of our India-based investments, notably **Sun TV Network Ltd., Exide Industries Ltd., PVR Ltd., Zee Entertainment Enterprises Ltd.** and **Maruti Suzuki India Ltd.**, delivered solid gains as consumption began to rebound from demonetization and the market discounted the passage of the landmark GST tax reform. Real Estate outperformance resulted from a takeover offer for **Global Logistic Properties Ltd.**, an operator of e-commerce related modern logistics facilities, while Information Technology outperformance was largely paced by two recent additions to

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2016 was 1.38% and 1.13%, respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

1 The MSCI EM (Emerging Markets) IMI indexes cited are unmanaged, free float adjusted market capitalization weighted indexes reflected in U.S. dollars. The MSCI EM (Emerging Markets) IMI Growth Index Net USD and the MSCI EM (Emerging Markets) IMI Index Net USD are designed to measure equity market performance of large, mid and small cap securities in the emerging markets. The MSCI EM (Emerging Markets) IMI Growth Index Net USD screens for growth-style securities. The indexes and Baron Emerging Markets Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

2 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

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our portfolio, **Momo Inc.**, which operates the leading social video broadcasting platform in China, and **Catcher Technology Co., Ltd.**, a provider of value-added services for Apple iPhones and other consumer technology products. On the negative side, adverse relative performance resulted principally from our notable cash holding as well as poor stock selection in the Health Care sector, driven by declines in **Divi's Laboratories Ltd.**, which continued to struggle with U.S. FDA inspection issues, and **Ginko International Co., Ltd.**, a Taiwan based manufacturer and marketer of contact lenses principally for the mainland China market. From a country perspective, our South Africa based investments also detracted from relative performance as a result of increased political risk.

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Percent Impact
Alibaba Group Holding Limited	0.81%
Smiles SA	0.77
TAL Education Group	0.63
Momo Inc.	0.62
Sun TV Network Ltd.	0.60

Shares of **Alibaba Group Holding Limited**, the largest e-commerce company in China, rose in the first quarter as a result of strong mobile and advertising growth. We expect mobile monetization to continue improving through 2017 while the company invests against new growth areas such as groceries, brand advertising, and cloud computing.

Shares of Brazilian loyalty program **Smiles SA** grew during the first quarter. The company continues to gain market share especially among bank customers, the most important and lucrative source of profitability for the loyalty industry. Additionally, Smiles' pace of growth indicates a positive inflection point in Brazil for both airlines and loyalty programs. We believe Smiles has a solid runway for growth as its shares trade at an inexpensive multiple, in our view.

TAL Education Group is a leading Chinese K-12 tutoring company, operating over 470 learning centers in 25 cities. Shares of TAL increased in the first quarter, driven by enrollment growth of about 75%. We see significant opportunity for continued growth as TAL opens new learning centers and expands existing ones, further gaining share in the fragmented Chinese K-12 tutoring market.

Momo Inc. is a Chinese mobile-based social network platform. Shares were up in the first quarter, driven by the company's continued improvement in earnings as it transitions to a content-driven platform that focuses on live streaming and user-generated short videos. We believe that Momo has a strong runway for growth as it gradually establishes itself as a unique pan-entertainment mobile platform in China.

Shares of India's leading media conglomerate **Sun TV Network Ltd.** increased in the first quarter, driven by the favorable resolution of a government-led investigation. We retain conviction in Sun TV due to recent viewership share gains and expect a meaningful increase in subscription revenue and earnings post-digitization. Sun TV is also benefiting from the ongoing digitization of cable systems as mandated by the Government of India.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Percent Impact
Magnit PJSC	–0.21%
Tullow Oil plc	–0.21
Divi's Laboratories Ltd.	–0.14
PT Matahari Department Store Tbk	–0.13
Bidvest Group Ltd.	–0.12

Shares of Russia's leading convenience store operator, **Magnit PJSC**, declined in the first quarter following a disappointing earnings announcement. We believe an improved macroeconomic outlook in Russia will improve consumer purchasing power. Magnit has an opportunity, in our view, to regain market share lost to open-air markets over the past 24 months, and re-accelerate cosmetics and pharmacy store growth.

Tullow Oil plc is an international oil exploration and production company focused mainly on Africa. Shares fell in the first quarter due to 2017 production guidance that missed analyst expectations coupled with investor concerns over the impact of falling oil prices on the company's balance sheet. The company announced a rights issue to alleviate debt pressure. We retain conviction based on Tullow's operational improvements, production ramp-up in Ghana, exploration upside in South America, and potential monetization of East Africa assets.

Shares of **Divi's Laboratories Ltd.**, a leading Indian manufacturer of complex active pharmaceutical ingredients, declined in the first quarter. The stock fell after the company was issued an Import Alert by the FDA, owing to unfavorable observations noted during a surprise facility inspection. The company is committed to addressing all outstanding FDA observations with an estimated resolution timeframe of 18-24 months. We retain conviction in Divi's due to its industry-leading profitability and long-term relationships with major pharma clients.

Shares of **PT Matahari Department Store Tbk** declined in the first quarter following a disappointing earnings announcement. Matahari operates middle income department stores in Indonesia. We exited our position because of a growing discounting environment and concerns over e-commerce competition.

Bidvest Group Ltd. is a leading South African conglomerate with business operations in financial services, automotive dealerships, electrical equipment, and freight services. Shares were down in the first quarter, driven by weak earnings growth related to a tough macro environment in South Africa. Increased political instability in the country also weighed on the stock. We retain conviction due to Bidvest's stellar long-term record of creating shareholder value by investing in asset-light businesses with high returns on invested capital.

PORTFOLIO STRUCTURE

Table IV.
Top 10 holdings as of March 31, 2017

	Percent of Net Assets
Alibaba Group Holding Limited	3.5%
Tencent Holdings, Ltd.	2.7
Samsung Electronics Co., Ltd.	2.4
Taiwan Semiconductor Manufacturing Company Ltd.	2.1
Smiles SA	1.8
Copa Holdings, S.A.	1.7
YPF S.A.	1.7
TAL Education Group	1.6
Momo Inc.	1.6
Sberbank of Russia PJSC	1.5

EXPOSURE BY COUNTRY

Table V.
Percentage of securities by country as of March 31, 2017

	Percent of Net Assets
China	26.1%
India	15.5
Taiwan	8.7
Korea	7.6
Brazil	5.1
Mexico	5.1
South Africa	4.4
Russia	3.0
Indonesia	2.5
Philippines	2.3
Chile	1.9
Panama	1.7
Hong Kong	1.7
Argentina	1.7
Singapore	1.4
Malaysia	0.7
Thailand	0.7
United Kingdom	0.6
United States	0.3
Nigeria	0.3

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid- and small-cap companies, as we believe developing world companies of all sizes often exhibit attractive growth potential. At the end of the first quarter of 2017, the Fund's median market cap was $8.0 billion, and we were invested approximately 75.7% in large- and giant- cap companies, 14.1% in mid-cap companies and 1.5% in small- and micro-cap companies as defined by Morningstar, with the remainder in cash.

RECENT ACTIVITY

During the quarter, we took advantage of prior weakness in emerging market equities to initiate several new positions, many of which we have been researching for some time. Our most significant addition was **Housing Development Finance Corporation Limited**, the market leading housing and mortgage lender in India by a wide margin. We have long admired the company's unassailable competitive advantages and further believe that the country is likely on the cusp of a consumer housing upturn. In addition, we believe the spin-off and combination of HDFC's life insurance unit with Max Financial, as well as investor focus on the asset management business post demonetization, will act as catalysts to unlock the value of the company's non-housing finance assets. In China, we made our first mainland A-Share investment via the Hong Kong stock connect program. **Hangzhou Hikvision Digital Technology Co., Ltd.** is a global leader in security and vision systems, though we believe they are aggressively positioning the company to participate in the industrial automation and allied machine vision arena, which could be a game changing opportunity, particularly in the nascent home market. Hikvision is an excellent example of China's shifting emphasis towards home grown leaders in longer-term, value added industries, largely at the expense of established multinational leaders. We also initiated a position in **Momo Inc.**, China's leading social video broadcasting player, which we see potentially evolving into a broad media & entertainment platform with exciting monetization potential. The company is already highly profitable today due to its highly efficient and low cost of subscriber acquisition, partially a reflection of strong popularity and leadership in a rapidly growing field. In addition to the above, we also made initial investments in **Tata Communications Limited**, a global communications services provider with unique advantages in international internet hosting and connectivity, **MyEG Services Berhad**, a secure financial and payment services provider in Malaysia, **Catcher Technology Co., Ltd.**, a Taiwan-based provider of value-added services to the consumer electronics industry, **Sino Biopharmaceutical Ltd.**, a leading research-driven novel and generic drug developer and marketer in China, and **Bitauto Holdings Ltd.**, a leading online automotive finance and marketing services player which we have been following since the company's IPO several years ago.

During the quarter, we also sold a number of positions, principally as a result of concerns over adverse changes in the longer-term fundamental outlook, with the exception of **Cetip S.A. - Mercados Organizados**, which we exited as a consequence of the closing of the principal cash acquisition of the company by BM&FBOVESPA, which we also own. Notable sales during the quarter for longer-term fundamental reasons include **PT Matahari Department Store Tbk** of Indonesia, gaming operator **Wynn Macau Ltd.**, South Africa-based **Aspen Pharmacare Holdings Ltd.**, and **Bharat Financial Inclusion Limited** of India.

OUTLOOK

In our 2016 year-end letter we suggested that while, in our view, the broad market repricing which occurred post the U.S. election was directionally appropriate, the order of magnitude appeared to us exaggerated given the known and unknowns related to President Trump and his policies. For this reason, we generally made few modifications to our investment positioning in the difficult period immediately following the election. While global equities advanced in general, the first quarter of 2017 delivered the mean reversion in performance we had suspected, with a return to outperformance by growth over value and emerging market leadership alongside a solid advance.

In our view, three key variables have influenced recent market performance as well as forward-looking expectations. First, the walking back of the level of certainty and moderation in anticipated terms of several of Trump's policy positions relative to what was espoused on the campaign trail and in the early days of his presidency. Challenges in implementing the travel ban, the failure to win Congressional approval of the proposed health care reform bill, and myriad resistance and/or dilution to protectionist measures are but a few examples that have undermined conviction in the economic and foreign policy outlook under Trump. These missteps have also raised questions regarding the impact upon the future fiscal balance and likely tax reform proposals, particularly the controversial border adjustment tax, which in our view remains a principal threat to international and particularly emerging market equities. In summary, reduced visibility over the likelihood of such proposals being enacted has driven a relief rally in the countries, currencies and sectors most directly threatened by Trump, reversing the adverse fourth quarter performance.

Second, evidence of strong global economic momentum, which we believe was likely a principal driver of the post-election rally in U.S. as well as developed world international equities, continued throughout the first quarter. Given the timing of the election, it is difficult to dissect the specific impact of Trump's victory versus accelerating global growth, but we believe that some portion of the first quarter relative performance is also attributable to signs that global trade and international economic expansion, while previously lagging, is now clearly recovering and began to exceed domestic U.S. activity. With regard to emerging markets in particular, we believe the market has finally embraced our view that we are on the cusp of a cyclical earnings recovery, and we suspect this was a second driver of the strong first quarter advance in related equities. Having said this, we believe that leading indicators of U.S. and global growth may well have be peaking, and while this would generally suggest outperformance by quality growth equities in a moderating growth environment, we will remain attuned for any early signs of more troubling risk of a downturn.

Finally, China's economic recovery has gained steam as it has broadened well beyond the property and government- stimulus driven sectors, and this has served to improve sentiment regarding credit risk and currency stability in China. In our view, this is a third and significant support for global equities, particularly in the international and emerging markets. Further, at the recent National People's Congress meeting in mid-March, Chinese authorities introduced new reform measures which we believe can help China continue its transition from a credit-fueled, investment driven economy towards a healthier balance with increased exposure to consumption and value-added industries. In particular, we believe the announcement of the Hong-Kong bond connect program, which for the first time will open mainland Chinese bonds to investment by a broad base international fixed income investors, could be a major catalyst to stabilize capital flows and defuse concerns over the stability of the RMB. Global bond managers are currently well "underweight China" relative to China's global proportion of bonds outstanding. Given that six months remain until China's 19th National Congress, where Communist Party leadership and power will be determined for the next five years and beyond, we believe China is highly unlikely to be the source of any global or market instability in the year 2017.

In summary, while not surprised, we are encouraged that global markets are moving beyond the initial shock of the Trump victory, while reflecting that Trump's more controversial policies may be moderated. Further, we believe the strength in international and emerging market economies and corporate earnings is likely to sustain over the coming months and quarters, though we will continue to monitor for risks to this view, particularly given that the U.S. and China are likely to continue to unwind previous stimulus measures; for now the capital markets appear positioned to absorb this incremental tightening. We remain optimistic regarding the long-term potential for the high quality growth businesses in which we invest, and we look forward to our next update.

Sincerely,

Michael Kass
Portfolio Manager
April 20, 2017

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In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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Dear Baron Energy And Resources Fund Shareholder:

Performance

While the overall stock market got off to a fast start in the first quarter with the S&P 500 Index rising 6.07%, energy stocks lagged behind as the S&P 500 Energy Index fell 6.68% and our benchmark index, the S&P North American Natural Resources Sector Index, dropped 4.25%. Within this context, we are reasonably pleased with the small decline of 0.44% (Institutional Shares) registered by Baron Energy and Resources Fund (the "Fund") for the first quarter. As always, we are hesitant to make too much of a big deal out of one quarter's performance given the volatility in the sector and the fact that we try to focus much more on generating returns over a three-to-five year period than in any given quarter. Nevertheless, we are still pleased with the start to the year and believe that the portfolio is set up well to benefit from the key trends that are in place in our areas of focus over the next several years, which we will discuss in more detail in the Outlook section of this letter.

JAMES STONE

PORTFOLIO MANAGER

Retail Shares: BENFX
Institutional Shares: BENIX
R6 Shares: BENUX

Table I.
Performance†
Annualized for periods ended March 31, 2017

	Baron Energy and Resources Fund Retail Shares[1,2]	Baron Energy and Resources Fund Institutional Shares[1,2]	S&P North American Natural Resources Sector Index[1]	S&P 500 Index[1]
Three Months[3]	(0.56)%	(0.44)%	(4.25)%	6.07%
One Year	32.59%	32.99%	17.93%	17.17%
Three Years	(10.75)%	(10.52)%	(5.88)%	10.37%
Five Years	(2.23)%	(1.99)%	(0.45)%	13.30%
Since Inception (December 30, 2011)	(2.05)%	(1.83)%	0.37%	15.20%

While it is relatively easy to attribute the poor returns for the Energy sector in the first quarter to the weakness in oil and natural gas prices, and there is no doubt that this was a major contributor to share price declines in the quarter, we actually thought that the behavior of both commodities and stocks in the quarter was quite unusual. The reason we thought it was unusual is because investors were either overly focused on negative data points or were even interpreting positive data points negatively. For example, throughout the quarter, we saw a significant and unrelenting rise in the U.S. rig count along with anecdotes of rising prices for service and supplies as the oil service industry recovers from one of the harshest recessions in its history. In addition, Exploration & Production (E&P) companies continued to demonstrate efficiency gains through process and technology enhancements and operating cost reductions. As a result, earnings and cash flow estimates for both the service and supply companies and the production companies have generally moved higher this year and yet both groups of stocks experienced sharp declines in the quarter. Instead of a rising rig count or improving efficiencies being seen as the positives that they are in terms of future profitability, investors have instead focused on the negative, which is concern that these trends may result in too much new oil supply out of the U.S. by the end of this year. While this is a source of concern for the macro oil balance, we think these concerns are premature and also continue to ignore the combination of ongoing production declines among many of the non-OPEC producers and a continued robustness in global oil demand, which has continuously surprised to the upside for the past five years despite mediocre global economic growth.

Another area in which there appeared to be selective focus was on oil inventories and OPEC cut compliance. First off, we believe that commodity and equity investors got a little too far over their skis following the announcements of the OPEC and non-OPEC production cuts last December because it spurred almost unrealistic expectations as to how fast these cuts would begin to show up in the market and rebalance inventories. This was

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2016 was 1.70% and 1.46%, respectively, but the net annual expense ratio was 1.35% and 1.10% (net of the Adviser's fee waivers), respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The S&P North American Natural Resources Sector Index measures the performance of U.S.-traded natural resources related stocks and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

3 Not annualized.

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especially true, considering that OPEC production had surged in the fourth quarter, while the cuts were being negotiated and many of those barrels kept arriving in the market in the first quarter. In contrast, the reduced production levels evidenced in the primary and secondary source data since the beginning of the year, only began to impact the market in the latter half or third of the quarter. In fact, despite high levels of OPEC compliance relative to past history, it has been surprising to see how little impact the production cuts have had on the oil market this year. Perhaps since OPEC and non-OPEC officials have indicated that they are focused on seeing global oil inventories return to a more normal level there has been a greater spotlight on weekly and monthly inventory data than on production volumes.

There appears to be an unusually high degree of focus on high frequency data such as the weekly inventory data that is published by the U.S. Dept. of Energy while other lower frequency data or normal seasonal behavior in the oil market has seemingly been ignored. For example, one of the drivers of lower oil prices in the first quarter was the rise in U.S. oil inventories which added about 56 million barrels in the first quarter or about 630 thousand barrels per day. However, it should be noted that oil inventories in the U.S. and throughout the OECD always build in the first quarter. This year's build was somewhat higher than normal and the likely result of a combination of transitory factors, such as the timing of when the OPEC cuts would impact physical markets, and the heavier than normal seasonal refinery maintenance experienced in the first quarter. However, while the focus seemed to be on U.S. crude oil inventories, investors seemed to ignore greater than normal declines in refined product inventories in the U.S., significant reductions in floating storage inventories in the Caribbean, South Africa, and the Middle East, and declines in reported onshore inventories in other parts of the world such as Europe and Asia. As we head through the second quarter, the reduced production volumes that we have seen in the first three months of data along with reduced tanker chartering data are harbingers of reduced flows into the market. Lower flows combined with lower product inventories and healthy refining margins should drive refinery activity higher (somewhat offset by ongoing non-U.S. refinery maintenance) and push crude oil inventories lower. In addition, since it is unlikely that the inventory rebalancing of the oil market will occur in the first half of this year, it is unlikely that the OPEC and non-OPEC producers that have reduced production will be able to declare mission accomplished prior to the upcoming OPEC meeting on May 25. Based on these facts and a series of statements in recent weeks by various OPEC and non-OPEC ministers, we think there is a reasonable likelihood that they extend the production agreements into the second half of the year and perhaps revisit them in September or November. This selective focus on the negative potential outcomes from the U.S. industry recovery, or the myopic focus on U.S. crude oil inventories in the first quarter has made it feel as if we were playing a game of Monopoly and drew the "Go To Jail" card forcing us to pass "Go" without collecting our $200. We are confident that we will not be in "Jail" for long, and we believe that as balance is restored to the global oil market and as the early stages of the industry recovery give way to better earnings and cash flow growth, the performance of energy stocks and our Fund will improve.

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Year Acquired	Percent Impact
Flotek Industries, Inc.	2013	1.16%
Tesla, Inc.	2015	0.90
Noble Midstream Partners LP	2016	0.73
Golar LNG Ltd.	2012	0.61
Sanchez Production Partners LP	2016	0.56

Flotek Industries, Inc. supplies chemical additives to the global oil & gas industry. It has a proprietary product (CnF) that helps increase oil and gas shale well productivity. Shares increased in the first quarter on strong sales results and CnF adoption by more operators in the Permian Basin. CnF revenues and volumes continue to outpace industry levels as customers seek to optimize production in the most capitally efficient manner. We expect the company to benefit from a ramp up in drilling activity, higher customer penetration, and increased average CnF loadings per well.

Shares of electric vehicle company **Tesla, Inc.** rose during the first quarter following its launch of GigaFactory, one of the world's largest manufacturing facilities, which will potentially drive significant cost reduction. Tesla is on target for a 2017 launch of its mass market Model 3, potentially the largest product cycle in history. Additionally, the company's SolarCity merger is on track, showing less cash drain than initially feared by investors. We believe a pro-U.S. jobs administration is a tailwind for Tesla as it is one of North America's fastest growing employers.

Noble Midstream Partners LP is a midstream energy master limited partnership. Shares were up in the first quarter on increased operational growth as parent company Noble Energy announced strategic growth plans in the area the company serves. These results increased investor confidence in Noble Midstream's long-term growth targets and potential. We believe the company could grow at a rapid organic pace, add bolt-on acquisitions from Noble Energy, and grow its third party volumes.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Year Acquired	Percent Impact
Jones Energy, Inc.	2016	–0.86%
RSP Permian, Inc.	2014	–0.47
Parsley Energy, Inc.	2014	–0.45
U.S. Silica Holdings, Inc.	2016	–0.42
Newfield Exploration Co.	2015	–0.41

Jones Energy, Inc. is an independent exploration and production company operating in Oklahoma's Anadarko Basin. Shares were down in the first quarter after the company released a 2017 capital budget that was much higher than investors expected coupled with balance sheet concerns associated with falling oil prices. We believe Jones' exposure to the emerging Southern STACK play in the Merge, where several operators have had strong well results and Jones is testing its first operated wells, could potentially triple its economic inventory at low breakeven oil prices and improve production growth metrics.

RSP Permian, Inc. is an independent exploration and production company focused on the Permian Basin in West Texas. Shares declined in the first quarter after the company delivered a 2017 capital budget that was higher than investors expected. Declining oil prices also pressured the share price. We believe the company will benefit from improvements in operating results and prudent cost management as it executes operationally on its acreage, generates peer-leading production growth, and integrates the acquired Silver Hill properties in the Delaware basin.

Parsley Energy, Inc. is an independent exploration and production company focused on the Permian Basin in West Texas. Shares decreased in the first quarter after the company announced its largest acquisition to date: Double Eagle Energy in the Permian basin. Investors had a difficult time digesting its significant equity issuance and associated dilution to near-term cash flows. We like the deal from a strategic perspective and see long-term accretion.

We expect Parsley to continue to deliver peer-leading operational performance and grow its footprint through acquisitions.

Portfolio Structure

We continued to hold very little cash during the first quarter (average 0.4%) as we viewed the factors that were driving energy shares to underperform as transitory and because we continue to be focused on the long-term opportunities within the portfolio. The Fund remains concentrated, with the top 10 holdings representing 48.7% of the Fund at the end of the first quarter, up from year-end levels. Our level of concentration is consistent with our strategy of having a high active share and being a long-term investor in the companies in which we choose to invest. Our active share at the end of the first quarter was 83.7%. Our three-year average turnover ratio was still 40.4%, even though we engaged in a higher than normal amount of turnover in the Fund in the past 24 months as we repositioned the portfolio following the previously disclosed harvesting of losses at year-end 2015 and refocused the Fund into a more concentrated, higher conviction portfolio. We believe that our commitment to detailed company research, high active share, and low turnover could potentially lead to superior results over the long term for our investors.

At the end of the quarter, the portfolio breakdown in the key sub-industries was as follows:

Oil & Gas Exploration & Production: The E&P sub-industry represented 44.2% of the Fund at the end of the quarter, and continued to be focused on North American-based producers that operate primarily in developing unconventional oil & gas reservoirs. Companies that primarily operate in the Permian Basin in Texas and New Mexico are our largest focus for E&P investments, as we see the greatest and most profitable growth potential from multiple stratigraphic zones within the Permian. While these companies tend to perform better when oil and gas prices are rising, we believe that most of our investments in this sub-industry are well positioned to grow strongly and deliver shareholder returns even if oil prices remain flat over the next several years, which is a testament to the improvement in the asset bases and opportunity sets of these companies.

Oil & Gas Storage & Transportation: This sub-industry, which is a mix of MLPs, publicly traded general partnerships, and C-Corp structured companies that own and operate critical oil & gas processing, and storage and transportation infrastructure often referred to as the "midstream," is the second largest sub-industry for the Fund and it represented 20.3% of the Fund's assets at the end of the quarter. The renewed growth expectations for U.S. oil and gas production along with reduced concerns regarding the financial health of this sub-industry's customers have driven improved performance for these stocks. Our weighting in this sub-industry was essentially unchanged from the prior quarter despite selling out of our position in **Tallgrass Energy Partners, LP** in the quarter.

Oil & Gas Equipment & Services; Oil & Gas Drilling: At 18.6%, our exposure to these related sub-industries was up again in the first quarter despite poor share price performance as we capitalized on the pullback in share prices to add to or initiate new positions within these sub-industries. We expect that the improvements we are witnessing in the U.S. rig count and in well completion activity will combine with improved normalized cost structures and a solid earnings recovery. We are particularly focused on companies that provide well completion products, equipment, or services as more of the customer spend is trending toward well completions rather than drilling. We continue to harbor concerns about valuation and normalized earnings power in this sub-industry, but given the recent pullback in share prices and the fact that activity levels are running ahead of our expectations, we are comfortable that we could see a more positive earnings recovery than is currently embedded in consensus estimates and in consensus valuations.

Renewable Energy: Renewable or alternative energy is not a specific GICS sub-industry, but we think this is really the appropriate classification for our investments in the Utilities, Consumer Discretionary, and Information Technology sectors, since our investments in these areas are primarily companies involved in the construction and operation of solar and wind electricity generation assets and battery storage systems. Investments in this area accounted for 7.8% of the Fund at the end of the quarter, and performance in the quarter was helped significantly by the strong gains in shares of **Tesla, Inc.**

Materials: With the sale of our position in chemical company **Kraton Corporation**, our Materials exposure at quarter-end really consisted of our position in **Flotek Industries, Inc.,** which is a top 10 holding in the Fund, and a smaller position in **Westlake Chemical Partners LP**. While classified as a Materials company because it is a chemical supplier, we think Flotek should really be seen as having the same business drivers as an Oil & Gas Equipment & Service company since the majority of its chemicals are used in the drilling and completion of oil and gas wells.

Oil & Gas Refining & Marketing: Independent refiners represented 2.9% of Fund assets at the end of the quarter, which was essentially unchanged from year-end. We are cautious in the near term that rising oil prices will hurt refiner input costs and that the net effect of potential regulatory and tax policy changes will be a net negative for the sub-industry overall, but could have a differential impact on various companies. Until we have more clarity on the direction of regulation and policy, we see better opportunities elsewhere.

Table IV.
Top 10 holdings as of March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Amount (millions)	Percent of Net Assets
RSP Permian, Inc.	2014	$ 1.5	$ 6.5	$6.5	6.6%
Parsley Energy, Inc.	2014	2.5	8.9	6.2	6.3
Encana Corp.	2016	5.2	11.4	6.0	6.0
Concho Resources, Inc.	2012	10.1	19.0	5.8	5.9
Flotek Industries, Inc.	2013	1.2	0.7	4.8	4.9
Newfield Exploration Co.	2015	3.9	7.3	4.0	4.1
Tesla, Inc.	2015	30.3	45.4	3.9	4.0
Golar LNG Ltd.	2012	3.5	2.8	3.6	3.7
Halliburton Co.	2012	31.4	42.7	3.6	3.7
Targa Resources Corp.	2016	4.6	11.7	3.5	3.5

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Purchased (millions)
Smart Sand, Inc.	0.7	2.1
GlobeLTR Energy Inc.	0.8	1.5
Keane Group, Inc.	1.5	0.8
Carrizo Oil & Gas, Inc.	1.9	0.7
Jones Energy, Inc.	0.2	0.4

As indicated, most of the additions to the Fund in the first quarter were Oil & Gas Equipment & Services focused companies and our new purchases mostly focused on companies that are set to benefit from rising U.S. horizontal well completion activity and the trend toward more intensive completions, which tend to have longer lateral lengths and utilize more hydraulic horsepower to pump higher quantities of proppant (sand) and fluids (water, chemicals) to increase the productivity of these wells.

Our purchases of **Smart Sand, Inc.** and **Keane Group, Inc.** were both driven by our view that the rapid growth in well completion demand and well completion intensity would result in supply shortages for both sand and hydraulic horsepower pressure pumping equipment, enabling both of these companies to reactivate idle capacity or add capacity at relatively low cost and high incremental returns and also garner margin gains from higher product/job pricing. Smart Sand is a sand mining and logistics company whose principal asset is a large sand mining and processing operation in Wisconsin. The company's sand reserves are significant and can support an operation that is at least three times the company's current capacity, requiring only limited amounts of capital for that capacity to be added. Its mining operations are among the lowest cost in the industry and its reserve mix tilts almost exclusively to smaller-sized grains of sand, which are the sizes that are currently experiencing the highest level of demand from E&P companies for their wells. The demand for its product has risen so sharply in the past six months that Smart Sand is essentially sold out at its current capacity level and has been signing new long-term contracts with customers that enable it to confidently invest in expanding the mining, processing, and transportation capacity at its principal mine in Wisconsin. We like Smart Sand's position as a low-cost supplier of finer mesh sands, with direct access to two premium national rail networks, and ample room to expand capacity as we think those attributes will drive strong growth in profits and profitability over the next several years. While Smart Sand and other sand mining stocks were weak in the second half of the quarter on investor concerns regarding the pace of future industry capacity additions and the potential for the market to become oversupplied more rapidly than expected, we think those fears have been overblown and are more than adequately reflected in the current valuation multiples but not in future earnings estimates, which we think will prove to be more robust than the current consensus.

Our purchase and ownership of Keane Group follows a similar theme as Smart Sand. Keane is a leading supplier of well completion services with a large fleet of pressure pumping equipment (pump trucks, blenders, sand haulers etc…) that are used to frack horizontal oil and gas wells in shale and other unconventional formations. Keane Group became a public company in the first quarter as demand for pressure pumping capacity was finally starting to rebound following the sharp reversal in the drilling rig count that began last summer. Well completion activities and services tend to lag the rig count by four to six months, and the rise in the rig count since it bottomed last May/June has been faster and stronger than expected. We believe that this will lead to more rapid gains in demand for pressure pumping services and, because of both organic investments in recent years and acquisitions during the bottom of the cycle, Keane is well positioned with unutilized capacity. According to the company, much of its spare capacity can be reactivated at minimal incremental cost and reasonably quickly, which should lead to strong top-line growth and improving margins as a combination of both rising prices and operating leverage lead to enhanced profitability. We recognize that unlike some of the other companies in the Fund that have more unique or defensible businesses, Keane operates in a commoditized business with low barriers to entry. For this reason, we do not necessarily think of the company as a long-term "core" holding, but as one that makes sense at this point in the energy recovery cycle.

GlobeLTR Energy Inc. is a privately held oilfield services & equipment company that is based and operates primarily in the Permian basin in West Texas and operates in two distinct and interesting areas of the business – water solutions, specialty chemicals, and portable power generation and equipment rentals. We invested in the company through a private pre-IPO offering on what we believe are attractive terms and valuation. The company was formed in 2016 through the merger of two predecessor entities both of which had encountered financial distress as a result of the deep recession that hit the U.S. oil industry in 2015 and 2016 and had too much debt. Despite these past financial difficulties, we believe that the recapitalized and merged entity has attractive growth opportunities along with some proprietary assets and services that differentiate it from other companies that we follow and in which we have invested. Globe's water solutions business includes proprietary water sources, logistics, and water treatment and disposal facilities and should benefit from a similar trend as that of Smart Sand. As horizontal laterals get longer and as E&P companies choose to pump larger quantities of sand into the formations to create better fracture networks, they are also using much larger quantities of water and chemicals. This is driving up demand for both the provision of fresh water as well as water treatment and disposal as much of the "frac water" is produced out of the well prior to reaching peak production. As trucking costs rise in the oil patch, there is greater desire to get water "off of trucks" and into pipeline systems directly from water sources or containment facilities and directly to saltwater disposal facilities (SWD). The company's portable power generation and equipment business largely consists of portable generators and lighting equipment. Much of the activity in the Permian Basin is in remote locations where there is limited electrical grid access and drilling, completion, and production operations tend to be 24/7 operations requiring lighting and reliable power. The power solutions business has shown very strong profitability in the past, and with the rig count in the Permian Basin rising almost 150% since last May, we foresee stronger demand driving both higher equipment utilization and a pricing recovery, both of which should be positive for margins. The Permian basin is likely to be the long-term epicenter for oilfield activity in the U.S. for quite some time and we believe GlobeLTR is well positioned and established to benefit as a result.

Table VI.
Top net sales for the quarter ended March 31, 2017

	Amount Sold (millions)
Tallgrass Energy Partners, LP	$2.2
Kraton Corporation	1.5
Noble Energy, Inc.	1.1
Schlumberger Limited	0.9
TerraForm Global, Inc.	0.9

During the quarter, the Fund experienced modest levels of redemptions and as a result was a net seller of stocks. Given the fact that we purchased several new positions during the first quarter and had very little cash on hand at year-end or throughout the first quarter, it was therefore necessary to sell out of complete positions or reduce our holdings in certain stocks. In each case, our stock sales this quarter were motivated by either a need to raise cash or a desire to redeploy capital into a new idea or a company which we believed offered a better risk/reward profile.

OUTLOOK

We continue to have a constructive outlook on the Energy sector and as a result, energy companies continue to dominate the holdings of the Fund. As we have written for several quarters, we believe that the long and deep energy recession has ended and that the business is returning to a more balanced and healthy footing. Even though oil inventories continue to be bloated around the world, we see the supply/demand balance for crude oil has moved into a supply deficit position in the past eight-to-nine months as inventories began declining in August of last year. That trend has continued through the first quarter of this year, at least on a seasonally-adjusted basis. The OPEC and non-OPEC production agreements that were reached last November are being adhered to at a generally high level of compliance and beginning to further restrict supplies into the market. Given that prices are still below the levels that most OPEC countries need to balance budgets and fund social programs, we think there is a reasonable chance that the current agreements will be extended into the second half of this year allowing for additional normalization of inventory levels. While we are seeing a notable pickup in U.S. oil production as the rig count recovers and U.S. E&P companies continue to get more efficient and proficient in extracting oil from shales and other tight rocks, we see a long-term need for U.S. production growth as part of the balancing mechanism in oil markets over the next several years. This could be especially true as we get toward the end of the decade and the negative ramifications from the sharp curtailment in global oil and gas investment levels for the past two years begin to manifest in rising reservoir depletion rates and a lack of new large production project startups. In addition, global demand continues to be generally stronger than expected, in both absolute terms and in terms of the rate of growth, and we think that consensus forecasts for growth over the next several years are likely to prove conservative, which will create space for both additional OPEC and non-OPEC volumes including robust growth from the U.S.

Historically, oil prices have normalized around levels that enable the industry to earn a reasonable return on capital employed, and for major producing countries to remain solvent. Despite significant improvements in industry cost structures as a result of restructuring, standardization, supply chain management, and technology, our analysis indicates that the current oil price level and the levels experienced in the past two years are still below this normalized level for both international oil majors and national oil companies. As long as this situation persists, we think it will pressure investment in long-term future supplies, which is a risk that was recently highlighted by the CEO of **Schlumberger Limited**, the Executive Director of the International Energy Agency, and the Petroleum Minister of Saudi Arabia. While we have a pretty constructive view on the outlook for oil prices and to a lesser extent U.S. and global natural gas prices, we have focused our investments on companies that are poised to win regardless of whether we remain in a "lower for longer" price environment or see a return to a higher sustainable price level than what is embedded in the current long-dated futures market. Our Fund's biggest investments are in companies that have amassed quality portfolios of low cost, low risk, highly efficient assets that will enable them to grow production and cash flow rapidly over the next three-to-five years even in a flat price environment. If higher prices materialize, it will enable companies such as RSP Permian, Inc., Parsley Energy, Inc. or Concho Resources, Inc. to further accelerate investing in their assets, resulting in an increase in net present value and faster production and cash flow growth on a debt-adjusted per share basis, which remains a key performance metric for our evaluation of E&P companies. The return to growth and the revival in capital investment for the U.S. E&P industry also brings new opportunities for organic growth for the midstream pipeline and processing companies in the form of new oil and gas pipelines, gas processing plants, and incremental export facilities. At the same time, the current recovery in the rig count has already brought renewed tightness to parts of the U.S.-based oil service and equipment industry enabling companies to begin returning idle equipment and facilities to work, raising prices, and restoring margins.

The pullback in share prices over the past three months along with upward revisions in forward earnings and cash flow estimates have resulted in more favorable valuations across the energy spectrum. As we have noted in past letters, investor surveys continue to show that while institutional investors are less skeptical about the outlook for energy and resource-related stocks, and are less underweight than last year, they are still cautiously positioned toward these areas and remain underweight relative to historical norms. We think this means that there is still a significant amount of capital remaining on the sidelines that could be put to work in the areas in which the Fund invests. Furthermore, it is likely that index weightings will get revised upward over time, adding more pressure for both active and passive investors to get involved. The Energy sector has been one of the least correlated of the major sub-sectors of the S&P 500 Index to the overall performance of the S&P 500 Index over the past five years, so an allocation to a dedicated energy and resources fund may provide a differentiated return and diversification for investors.

Sincerely,

James Stone
Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Energy companies can be affected by fluctuations in energy prices and supply and demand of energy fuels. Resources industries can be affected by international political and economic developments, the success of exploration projects, and meteorological events. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Energy and Resources Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Baron Global Advantage Fund

Dear Baron Global Advantage Fund Shareholder:

Performance

The Baron Global Advantage Fund (the "Fund") had an excellent start to the year after returning 17% in the March quarter compared to 9.1% for the MSCI ACWI Growth Index and 6.9% for the MSCI ACWI Index, the Fund's benchmarks. The Fund struggled mightily in the post-U.S. election rotation where our lack of exposure to Industrials, Energy, and Financial stocks, combined with a meaningful overweight in China caused us to underperform meaningfully in the fourth quarter of last year. We benefited from the reversion to mean, and then some, as 25 of our holdings rose double digits, with 16 appreciating over 20% and six rising over 40% during the quarter. Our investments in the United States, China, and Israel (buoyed by Intel's acquisition of **Mobileye**) did particularly well with very strong stock selection in Consumer Discretionary (**TAL Education, Amazon, Ctrip, and Naspers**) and Health Care (**Glaukos, Illumina, Pacira, SAGE, and Aerie Pharma**), while performance in the Information Technology space, the largest part of the portfolio, was barely above average, though the overweight did contribute positively to overall results. This was also a rare quarter where we benefited from not having any blow ups. **JUST EAT** was our worst performer. The stock declined less than 2% after a well-liked CEO resigned suddenly due to family health issues. We had a few other stocks that declined during the quarter but none detracted materially from overall results.

ALEX UMANSKY

PORTFOLIO MANAGER

Retail Shares: BGAFX
Institutional Shares: BGAIX
R6 Shares: BGLUX

Table I.
Performance†
Annualized for periods ended March 31, 2017

	Baron Global Advantage Fund Retail Shares[1,2]	Baron Global Advantage Fund Institutional Shares[1,2]	MSCI ACWI Growth Index[1]	MSCI ACWI Index[1]
Three Months[3]	17.02%	17.02%	9.08%	6.91%
One Year	21.71%	21.94%	12.99%	15.04%
Three Years	5.75%	5.92%	6.29%	5.08%
Since Inception (April 30, 2012)	10.23%	10.46%	9.15%	8.78%

The Baron Global Advantage Fund is constructed on a bottom-up basis where uniqueness, sustainability of competitive advantage, quality of the management team, and "big idea" potential, play the largest roles in a company being chosen for investment. Macro considerations, the country of domicile, or thematic considerations play a minor role in the final decision making. However, when evaluating the portfolio as a whole, the impact of certain external trends or "biases" becomes somewhat evident.

First, we believe this portfolio is positioned to benefit from the digitization movement that is sweeping the world. As digital disruptors increasingly undermine the business models of digital laggards in the larger economy, the pressure on enterprises to undergo a "digital transformation" is growing. Traditional Media/TV have long been ripe for disruption. 2016 was the cross-over year when digital advertising finally exceeded TV ad spend and, while TV advertising spending is expected to grow at about a 2% rate, digital ad spend is projected to continue to grow at 7x that, over the next five years. Google and Facebook are dominating online advertising in the United States where last year they accounted for 103% of TOTAL growth. Google, specifically, lowered its price by 11% and increased its revenue by 23%, while major advertisers continue to tell us that Facebook's ad platform is simply outstanding. Global e-commerce is growing at roughly 16%, while global brick & mortar retail sales are growing at about 2.4%. Mobile now represents over 50% of total e-commerce after growing 123% over the last two years. Amazon accounted for 51% of that growth with Alibaba and JD.com, the major beneficiaries in China. Scott Galloway, a professor at

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Performance listed in the table above is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2016 was 3.86% and 3.55%, but the net annual expense ratio is 1.50% and 1.25% (net of the Adviser's fee waivers), respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, visit www.BaronFunds.com or call 1-800-99BARON.*

† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The MSCI ACWI indexes cited are unmanaged, free float-adjusted market capitalization weighted indexes reflected in US dollars. The MSCI ACWI Growth Index Net USD measures the equity market performance of large and mid cap growth securities across developed and emerging markets. The MSCI ACWI Index Net USD measures the equity market performance of large and mid cap securities across developed and emerging markets. The indexes and the Baron Global Advantage Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

BARON FUNDS 1987

NYU's Stern School of Business, calls these companies – The Benjamin Button companies – businesses that age in reverse. Every time we use a General Motors car or Unilever's toothpaste they become worth a little bit less for wear and tear, but every time we use Google's Waze, or Amazon's Alexa, or Bidu's search they become better and hence more valuable. Facebook's users or Snapchat's highly engaged millennials become more valuable to advertisers with time, and Acxiom's value proposition of potentially "closing the proverbial loop" grows exponentially. Those companies that understand what this digital transformation means to them go to EPAM, Globant, and Luxoft to help them get there. Then of course, there is the cloud, which we expect to be a trillion dollar industry, where we think Amazon, Google, Alibaba and Bidu will be the major players.

The second clear bias in this Fund is its high exposure to China. We exited the first quarter with 17.7% of the portfolio invested in businesses that are domiciled in China. This compares to 2.9% weight in our primary benchmark. We have written extensively in the past about how we think the benchmarks, and by extension most investors, are missing one of the great opportunities of our time. China is already the second largest economy in the world likely on its way to being the largest in a few decades. With the estimated GDP of $11.8 trillion in 2017, the Chinese economy is almost three times larger than the third largest economy, Japan. After decades of torrid growth and years of being one of the main engines of global GDP growth, China now represents 15.5% of total global GDP. Until a few years ago, the Chinese economy was dominated by manufacturing, mining, and construction businesses but that's not the case anymore. The Chinese services industries are now over 50% of China's GDP and rising, accounting for 87% of total GDP growth in 2015. The Chinese middle class is continuing to emerge, with urban disposable income per capita rising to 23% of total income. Similarly to the domestic markets, equity investors in China have been rewarded handsomely since the financial crises and valuations overall do not appear cheap. We still think that the leaders in e-commerce and online travel will continue to outshine the market expectations, and while not cheap, the valuations are not particularly demanding in the context of 30%+ three-year revenue and profit growth expectations. While shortcomings in transparency and corporate governance need to continue to improve, we believe China offers an unusually fertile ground for long-term investment opportunities. Until MSCI re-evaluates its benchmark weightings, we are likely to remain significantly overweight in our exposure to China.

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Percent Impact
TAL Education Group	$ 8.8	1.80%
Amazon.com, Inc.	423.0	1.70
Mobileye N.V.	13.6	1.30
Alibaba Group Holding Limited	269.1	1.29
Facebook, Inc.	410.5	1.22

TAL Education Group is a leading Chinese K-12 tutoring company, operating over 470 learning centers in 25 cities. Shares of TAL increased 52%, driven by better-than-expected enrollment growth of close to 75%. We see significant opportunity for continued growth as TAL opens new learning centers and expands existing ones, while generating strong cash flow, further gaining share in the fragmented Chinese K-12 tutoring market.

Shares of **Amazon.com, Inc.** reversed last quarter's losses and appreciated 18% in the first quarter of 2017. Amazon continues to benefit from its flywheel strategy, where more participation from Prime members drives greater loyalty and purchasing on Amazon.com. We believe that Amazon Web Services, a suite of cloud computing services, will be a large incremental contributor to overall value creation. Amazon is continuing to invest heavily in several growth initiatives, including Amazon studios, Alexa, India, Amazon Web Services, and distribution and fulfilment center expansions. We see the company as the undisputed global leader in the two, secularly growing, multi-trillion dollar markets of e-commerce and cloud computing, and it remains our highest conviction long-term investment idea.

Shares of **Mobileye N.V.,** maker of vision-based advanced driver assistance systems, jumped 61% after agreeing to be acquired by Intel for $63.54 in cash. We have long believed in the potential for Mobileye to become the "Intel Inside" of the future of autonomous and semi-autonomous vehicles. We think Mobileye's entrepreneurial management team has clear goals that can benefit society, and we look forward to following its progress.

Shares of **Alibaba Group Holding Limited,** the largest retailer and e-commerce company in China, rose 23% during the March quarter as a result of strong mobile and advertising growth. We expect mobile monetization to continue improving through 2017 while the company invests against new growth areas such as groceries, brand advertising, and cloud computing. We continue to believe that Alibaba represents a unique and compelling opportunity to invest in the long-term growth of e-commerce, mobile, and cloud-computing in China.

Shares of **Facebook, Inc.,** the world's largest social network and media company, appreciated 23%, driven by improvements in consumer engagement and monetization. Facebook continues to be the largest beneficiary of the ongoing consumer shift to mobile and utilizes its leadership position to provide targeted marketing capabilities to global advertisers. Facebook is in the early stages of monetizing online video and Instagram, which are both starting to contribute to incremental revenue growth, and is taking advantage of WhatsApp and Oculus as additional growth opportunities.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Percent Impact
JUST EAT plc	$ 4.8	–0.16%
Petroleo Brasileiro S.A. – Petrobras	61.9	–0.15
Ultragenyx Pharmaceutical Inc.	2.8	–0.05
Benefitfocus, Inc.	0.9	–0.05
Adamas Pharmaceuticals, Inc.	0.4	–0.02

Shares of **Just EAT plc,** an online marketplace for restaurant delivery in Europe, Latin America, and Canada, declined slightly during the quarter after the CEO unexpectedly resigned due to family health issues. Although we are saddened by the departure of a talented executive, we believe the company can continue delivering rapid growth and high returns due to its position as the leading platform across all of its major markets.

Petroleo Brasileiro S.A. – Petrobras is an integrated oil & gas company focused on developing deep water oilfields offshore of Brazil. A drop in crude oil prices pressured shares, which declined 11% during the quarter. In addition, the company announced significant fuel price cuts, negatively impacting refining sector margins. We like the shares due to a ramp up in production at pre-salt oilfields and expect a material deleveraging of the balance sheet with non-core asset divestments over the next several years.

Ultragenyx Pharmaceutical Inc. is a leader in developing rare disease medications. Shares were down 11% in the first quarter driven by the company's withdrawal of its application to the European Medicines Agency after a treatment's phase 2 study did not provide sufficient evidence to be approved. Ultragenyx plans to provide additional data in a phase 3 study. We think the opportunity lies in the company's four clinical stage programs for six disease indications being investigated currently, and will potentially have its first marketed product by the end of 2017.

Shares of benefits software vendor **Benefitfocus, Inc.** declined 6% in the first quarter after the company reported 2017 guidance that was lower than analysts expected. We see several short-term headwinds, including longer implementation periods for national accounts, slower employer signings because of a sales restructuring, and a revenue share of BenefitStore commissions. While we believe these headwinds will weigh on reported growth through mid-2017, we don't believe they impact the significant long-term opportunity.

Adamas Pharmaceuticals, Inc. is a biotech company focused on reformulating existing drugs to improve their safety and efficacy profiles. Shares were down 3% during the quarter, though we observed no significant events to which to attribute the weakness. We retain our conviction in the investment as Adamas focuses on a reformulated version of a drug used to treat Parkinson's disease, with FDA approval expected in August.

Portfolio Structure

The portfolio is constructed on a bottom-up basis with the quality of ideas and conviction level having the highest roles in determining the size of each individual investment. Sector or country weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative "view."

The top 10 positions represented 45.1% of the Fund, the top 20 were 66.7% and we exited the quarter with 45 holdings. Close to 85% of the Fund continues to be invested in stocks in the Information Technology, Consumer Discretionary, and Health Care sectors, as classified by GICS, with about half the assets invested in companies that are domiciled outside of the United States.

Table IV.
Top 10 holdings as of March 31, 2017

	Quarter End Market Cap (billions)	Quarter End Investment Value (thousands)	Percent of Net Assets
Alibaba Group Holding Limited	$269.1	$1,405.7	6.4%
Amazon.com, Inc.	423.0	1,376.8	6.3
Facebook, Inc.	410.5	1,023.3	4.6
Naspers Limited	75.7	999.6	4.5
Alphabet Inc.	579.4	997.1	4.5
Ctrip.com International, Ltd.	24.5	961.6	4.4
Mellanox Technologies Ltd.	2.5	853.1	3.9
TAL Education Group	8.8	790.3	3.6
Constellation Software, Inc.	10.4	764.6	3.5
EPAM Systems, Inc.	3.9	738.1	3.4

Exposure By Country

Table V.
Percentage of securities by country as of March 31, 2017

	Percent of Net Assets
United States	48.0%
China	17.7
Israel	8.0
South Africa	4.5
Canada	3.5
India	2.7
Netherlands	2.2
United Kingdom	1.9
Argentina	1.7
Japan	1.3
Taiwan	1.1
Brazil	1.1

Recent Activity

During the March quarter, we initiated 14 new investments and added to 26 others as we put the Fund's inflows to work. We also exited two positions and reduced one other.

Table VI.
Top net purchases for the quarter ended March 31, 2017

	Quarter End Market Cap (billions)	Amount Purchased (thousands)
Alibaba Group Holding Limited	$269.1	$682.0
Expedia, Inc.	18.9	549.7
Ctrip.com International, Ltd.	24.5	441.8
Naspers Limited	75.7	438.6
Alphabet Inc.	579.4	407.8

Alibaba Group Holding Limited is the largest e-commerce and cloud services provider in China and the second largest one in the world. We think the company will likely double its GMV by 2020, while the company's revenues could triple due to improving monetization. Alibaba has the most incredible ecosystem in the world with powerful network effects. AliCloud ($1 billion revenue now) could grow 11x by 2020, while Ant Financial valued at $75 billion in its last private round has the ambition of being larger than Alibaba itself (Alipay having 500 million active users with over 200 million DAILY transactions does evoke a sense of grandeur). We rarely rely on the sum-of-the-parts valuation but in this case Alibaba's upside could be quite substantial. While its e-commerce business is relatively well understood, its cloud and finance businesses are undervalued due to lack of disclosures. But then there are also Logistics, O2O Local services, Gaming, Messaging, Digital Proprietary Content (YOKU) and Media, Software & Hardware, Corporate services and other long tails.

We believe that Alibaba represents a unique and compelling opportunity to invest in the long-term growth of e-commerce, mobile, and cloud-computing in China and it is our highest conviction idea in this portfolio.

We initiated a position in **Expedia, Inc.** Expedia is the largest global online travel agency in the U.S., and the second largest in the world. The company generates over $60 billion of global bookings and revenues of $6.6 billion.

Expedia operates in 75 different countries and has over 18,000 employees globally. Expedia operates over 20 global brands including Expedia, Trivago, Hotels.com, Travelocity, CheapTickets, Wotif, Hotwire, and Venere. The company also recently acquired Orbitz and HomeAway. We believe Expedia is a leading player in a large and secularly growing online travel market where the penetration rate is still relatively low (Priceline Group and Expedia, the two largest players, account for less than 10% of the $1.4 trillion global travel market). Expedia has grown its supply of properties by 73,000 in the last two years (it now has 180,000 compared to 800,000 for Priceline) and improved its user interface leading to better conversion rates. We further believe that Expedia's margins and overall profitability, which have been running at about half those of Priceline, are poised for significant improvement over the next few years.

Shares of China's largest online travel company **Ctrip.com International, Ltd.** declined 14% in the first quarter of 2016 as a result of concerns regarding the devaluation of the renminbi and the harsh rhetoric used during the political campaigning period by the incoming U.S President raising fears of a potential trade war with China. We believe the impact on Ctrip's business would be minimal at worst and, with China recently becoming the world's biggest outbound tourism spender, we think the potential reward is substantially higher. The company has a stated goal of doubling its bookings to one trillion renminbi (approximately $145 billion at today's exchange rate) by the end of 2020. We suspect it will happen sooner. Potentially, a lot sooner. We continue to build our position in Ctrip.

Table VII.
Top net sales for the quarter ended March 31, 2017

	Quarter End Market Cap or Market Cap When Sold (billions)	Amount Sold (thousands)
Cetip S.A. – Mercados Organizados	$12.8	$368.9
Allergan plc	70.6	200.0
BlackLine, Inc.	1.5	60.8

Cetip S.A. – Mercados Organizados administers over-the-counter markets in Brazil for trading and registration of fixed income securities, derivatives, and auto liens. We have owned Cetip since the inception of this Fund and it was one of our top contributors last quarter as investors started to get excited about the opportunities created by its pending acquisition by BM&FBOVESPA. We fully intended to roll our shares into BM&FBOVESPA's stock until we learned that it would create a significant tax liability for the Fund, but selling the shares outright would not. We think Brazil got it backwards and so we sold our shares. We expect to become shareholders of the combined entity sometime in the future.

We exited our investment in **Allergan plc** after concluding that our original investment thesis for the company was incorrect.

BlackLine, Inc. is a cloud-based software company that enables its customers to modernize and automate manual accounting processes such as the quarterly closing of financial statements, account reconciliations, and intercompany accounting and controls assurance. BlackLine's solutions allow the customer to gain dynamic workflows embedded within a real-time, highly automated framework, a process the company refers to as "continuous accounting." We trimmed back our position due to strength and valuation.

Outlook

We are excited about the long-term prospects of the companies that make up this portfolio. We invest no time in trying to figure out what global GDP growth will be next year, whether China will devalue the Yuan, or how many times the Federal Reserve will raise interest rates.

Our goal remains to maximize long-term returns without taking significant risks of permanent loss of capital. We believe the best strategy for long-term capital appreciation is to collect a mix of unique companies that sell into different end markets and different geographies. We will continue to focus on identifying and investing in companies that we believe have sustainable competitive advantages and the ability to reinvest excess capital at high rates of return.

Sincerely,

Alex Umansky
Portfolio Manager
April 20, 2017

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectus contains this and other information about the Funds. You may obtain them from its distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets, resulting in greater share price volatility. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio managers only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

This report does not constitute an offer to sell or a solicitation of any offer to buy securities of Baron Global Advantage Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

Dear Baron Discovery Fund Shareholder:

Performance

What a difference a year makes! Whereas last year's first quarter was highly volatile as investors sought clarity on the economy and interest rates, 2017's first quarter looked downright benign in comparison. The CBOE Volatility Index (otherwise known as the "fear index"), a measure of the market's expectations for future volatility, hit levels we had not seen since before the financial crisis. In fact, during the quarter, the S&P 500 Index had its longest streak without a 1% down day going back to 1995. During this period of lower volatility, we also saw stock correlations fall, meaning that stocks moved less in tandem and more on their individual merits. For bottom-up, fundamental investors like us, we like the type of "stock picker's" market we are experiencing today. We believe our performance in the quarter illustrates this. And while we know stock market volatility will return at some point (and have positioned the portfolio accordingly), we remain optimistic that U.S. economic growth will continue its recent improvement as we move through the year.

Our portfolio of smaller, earlier stage companies performed well in the quarter with Baron Discovery Fund (the "Fund") increasing 11.70% (Institutional Shares), or 6.35% better than the Russell 2000 Growth Index. The largest contributor to our first quarter outperformance was our investment in the Health Care sector. This reversed the underperformance of Health Care stocks in the fourth quarter of 2016 and validated the incremental investments we made in the sector. We continue to favor investments in areas where we think there are long runways of secular growth (thus our heavier weightings to the Information Technology and Health Care sectors) despite the recent strong performance of more cyclical growth sectors, such as Financials and Industrials.

For the last twelve months, we are happy to report Baron Discovery is up 41.98% (18.95% better than the Russell 2000 Growth Index). This made Baron Discovery the #1 overall small-cap growth fund during that period.*

In our last letter, we mentioned 11 companies that we believed had specific catalysts that made us optimistic about our portfolio in 2017. We are happy to say that two of them, **Foundation Medicine, Inc.** and **Flexion Therapeutics Inc.**, were in our top five contributors for the first quarter. And despite the Fund's outperformance in the first quarter and last twelve months, we continue to be excited about the portfolio's growth prospects and can point to specific catalysts that we believe are still to come over the next three quarters of 2017.

RANDY GWIRTZMAN AND LAIRD BIEGER

PORTFOLIO MANAGERS

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

Table I.
Performance†
Annualized for periods ended March 31, 2017

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[3]	11.65%	11.70%	5.35%	6.07%
One Year	41.56%	41.98%	23.03%	17.17%
Three Years	6.38%	6.63%	6.72%	10.37%
Since Inception (September 30, 2013) (Annualized)	12.93%	13.20%	8.28%	12.55%
Since Inception (September 30, 2013) (Cumulative)[3]	53.03%	54.33%	32.11%	51.26%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of September 30, 2016 was 1.88% and 1.49%, but the net annual expense ratio was 1.35% and 1.10% (net of the Adviser's fee waivers which the Adviser has contractually agreed to for so long as it serves as the adviser to the fund), respectively. *The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) and the Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit www.BaronFunds.com or call 1-800-99BARON.*

† The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings. There is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

1 The indexes are unmanaged. The Russell 2000® Growth Index measures the performance of small-sized U.S. companies that are classified as growth and the S&P 500 Index of 500 widely held large cap U.S. companies. The indexes and the Fund are with dividends, which positively impact the performance results. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.

2 The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

* The Institutional Share Class was ranked #1 by Morningstar out of 670 funds (share classes) in the Morningstar US Fund Small Growth Category, for the 1-year period ended March 31, 2017, and #4 by Morningstar out of 576 funds (share classes) in the Morningstar US Fund Small Growth Category, for the Since Inception (9/30/2013) period ended March 31, 2017. Morningstar rankings are based on total returns for the 1-year and Since Inception periods ended 3/31/2017. The **Morningstar US Fund Small Growth Category Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Small Growth Category. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets. As of March 31, 2017, the Category consisted of 670 and 576 funds (share classes) for the 1-year and Since Inception periods. The number of funds in the Category may vary depending on the date that Baron made the calculation. **Baron Discovery Fund Institutional** Share Class ranked in the 1st and 1st percentiles, respectively.

BARON FUNDS® 1987

Table II.
Top contributors to performance for the quarter ended March 31, 2017

	Percent Impact
Foundation Medicine, Inc.	1.44%
Mercury Systems, Inc.	1.06
Flexion Therapeutics Inc.	0.81
Glaukos Corporation	0.81
Ichor Holdings, Ltd.	0.80

Foundation Medicine, Inc. is a high-end genomic cancer testing and database company. As we have noted in some of our prior quarterly letters, Foundation focuses on the most highly complex tests for the most challenging cancer cases. Its testing database now has over 100,000 patient entries and is supplemented by "outcomes" data (medical treatments used and the results thereof) for 20,000 of these patients. The database is used by oncologists who are treating patients, as well as by over 30 pharmaceutical companies that use the data to target cancer drug research. There is no other non-hereditary cancer diagnostics company that has this volume of high quality data, and no other company has Foundation's breadth of clinical validation. And the more tests that are run, the more Foundation expands its lead in a "network effect" manner. Since Roche, Inc. purchased a majority interest in Foundation in January of 2015 for $50 per share, delays in payer reimbursement have caused guidance reductions, and share value dropped significantly to under $20 per share. Now there is a major catalyst, and as a result shares have rallied significantly in 2017; they now trade over $30 per share. The company has submitted its Foundation One solid tumor test for FDA approval, which would sanction its use as a companion diagnostic for FDA approved drugs covering over 40% of the metastatic cancer population in the U.S. At the same time, CMS (the agency that oversees Medicare and Medicaid reimbursement) is evaluating approving Foundation's test for reimbursement. This is significant, as about one-third of the company's testing volume is from Medicare patients, and is not currently being reimbursed. We expect FDA/CMS approval to be obtained in the second half of 2017.

Mercury Systems, Inc. is a provider of complex electronic subsystems to major defense contractors. During the first quarter, shares performed well as Mercury continued to win contract awards. It also completed a successful secondary offering, which raised over $200 million, providing funding for accretive future acquisitions. We believe defense spending and outsourcing will continue to grow under the Trump administration, and there is still a multi-billion dollar outsourcing opportunity for Mercury to chase.

Flexion Therapeutics Inc. has developed an extended release steroid drug called Zilretta that is injected into patients' knees to relieve osteoarthritic pain. The drug is expected to be approved by the FDA in October 2017. Zilretta has a large addressable market of $5 billion in knees, and the drug saves costs to the health care system by lessening the frequency of physician visits and, potentially, knee replacement surgeries. Patients also benefit from significantly less pain. The company's shares gained in the quarter as investors gained confidence that the FDA will approve the drug, and reports of a potential takeout by a major pharmaceutical company came to light. Despite the run-up in the shares in the first quarter, we still believe that the company is undervalued, and we are eagerly awaiting approval of Zilretta later this year.

Glaukos Corporation is a medical device company commercializing a stent implant, branded the iStent, as a treatment to relieve eye pressure in glaucoma patients. Currently, the device is approved for the treatment of glaucoma in patients who are also receiving cataract surgery (approximately 600,000 to 800,000 patients per year in the U.S.). Longer term, the company will have a product that not only injects two stents (versus the one stent currently), but a product that can be used to treat glaucoma only patients, which is a 3.5 million U.S. patient population that will dramatically expand the potential revenue base for the company. And the company will continue to expand its international opportunities, which are currently under 10% of total sales. Glaukos' shares gained in the first quarter as the company beat consensus revenue estimates for the fourth quarter of 2016, with quarterly revenues surging 60% year-over-year and full year revenues up 64%. Concomitantly, the company guided to roughly 40% revenue growth for 2017, which the Street viewed favorably. We think the company can grow even faster, given volume momentum, favorable 2017 reimbursement dynamics, and a misstep by a key competitor.

Ichor Holdings, Ltd. is a leading manufacturer of gas and liquid delivery sub-systems used for the "etch and deposition" processes in semiconductor manufacturing. We originally purchased our investment in a December 2016 IPO, which at $9 per share was priced far below its original offering range of $12 to $14 per share. We believe this was due to its smaller market cap size (just over $200 million at the IPO), and a general investor concern regarding small companies in the semiconductor capital equipment space. After we met management (which is terrific in our opinion) and did our due diligence, our long history of experience in the sector convinced us that this could be a terrific growth story. We were able to purchase Ichor at what we believed to be a big discount (just six times our cash flow estimates for this year and four times for next year's). Ichor was up in the first quarter, driven by accelerating revenues as well as multiple expansion (as investors realized the IPO was priced at too steep of a discount). Ichor's growth was propelled by multi-patterning (a multi-stage semiconductor manufacturing process), the transition to 3D NAND (a three-dimensional memory format) and FinFet (a more complex logic chip format), all of which increased etch and deposition intensity. These processes are required as transistors continue to shrink in size and become more complex to build. Moreover, Ichor was able to gain market share as its customers outsourced higher proportions of their tool manufacturing. We believe Ichor has the potential to continue outgrowing the semiconductor industry for a long time.

Table III.
Top detractors from performance for the quarter ended March 31, 2017

	Percent Impact
Jones Energy, Inc.	–0.61%
The KEYW Holding Corporation	–0.33
Barfresh Food Group, Inc.	–0.27
Medpace Holdings, Inc.	–0.21
Impinj, Inc.	–0.21

Jones Energy, Inc. is an independent exploration and production company operating in the Anadarko Basin in Oklahoma. Shares fell in the quarter due to announcement of a much higher than expected 2017 capital budget and concerns over falling oil prices in the quarter. We continue to like Jones due to company's exposure to the emerging Southern STACK region (also known as the Merge), where several offset operators had strong well results and Jones is testing its first operated wells. We still believe there is a high probability of success in the Merge and, if we are correct, we believe Jones could triple its economic inventory and improve its production growth metrics from high single digits to over 20% per year.

The KEYW Holding Corporation provides products and services to the U.S. intelligence community. In 2016 the company's new CEO executed on his plan to sell an underperforming software subsidiary and to dramatically boost KEYW's revenue pipeline to drive long- term growth. While he has had excellent success in these areas, shares declined in the first quarter as revenue and cash flow for the quarter missed consensus expectations. However, this was partly due to timing, and we are encouraged by the company's current pipeline and contract win rates and volumes, which we believe will lead to accelerating organic growth in the near future. Importantly, the company announced the accretive acquisition of Sotera Defense Solutions, Inc. at the end of 2016, which it completed in early April 2017. The company believes it will increase estimated 2017 revenues from $316 million to $535 million, and will drive cash flow growth from about $36 million to $55 million. Sotera gives KEYW significantly increased scale and it also provides KEYW with new intelligence customers including the FBI and Department of Homeland Security. We remain confident in the medium- to long-term prospects for the business.

Barfresh Food Group, Inc., a manufacturer and distributor of ready-to-blend beverages, was a detractor in the quarter. While the company has continued to make progress executing its business plan, the pace at which the company has signed large national customers has disappointed investors. We continue to believe the company has a compelling offering for restaurants and that it will be able to continue to grow revenues as we move through the year.

Medpace Holdings, Inc. is a full service contract research organization providing outsourced drug development services targeting smaller- and mid-sized biopharma companies. Its shares dropped on unexpectedly weak fourth quarter bookings and 2017 guidance calling for in-line earnings on lower than consensus revenue growth. At the midpoint of guidance, revenue and cash flow growth are projected to be 7% and 10%, respectively, versus the 12 to 14% range for both that management targeted at the time of its August 2016 IPO. This growth reduction was primarily driven by delays in contract bid conversions. We believe that this conversion slowdown will prove transitory, that contract proposal flow and win rates will remain unchanged, and that the current valuation is very reasonable.

Impinj, Inc. is a provider of radio frequency identification ("RFID") solutions to the retail, travel and health care verticals. The company's stock fell in the quarter when the company issued 2017 RFID chip sales guidance that disappointed investors. We continue to believe the company's prospects are bright given that it is early in the penetration of its targeted verticals. As we move through the year, we also think this initial chip sales guidance will prove conservative. We added to this position in the quarter (see Table V).

Portfolio Structure

Our key sector weightings at the end of March 2017 were 31.3% Information Technology (6.3% above the Russell 2000 Growth Index), 26.0% Health Care (4.2% above the Index), 15.8% Consumer Discretionary (1.0% above the Index), and 12.7% Industrials (3.2% below the Index).

We continue to be overweight Health Care and Information Technology and would expect that to continue for the foreseeable future. We increased our exposure to Consumer Discretionary during the quarter as valuations became more compelling.

Our top 10 holdings at March 31, 2017 represented 30.0% of the portfolio. This is in line with what we have held historically.

Table IV.
Top 10 holdings as of March 31, 2017

	Year Acquired	Quarter End Investment Value (millions)	Percent of Net Assets
Qualys, Inc.	2013	$4.6	3.9%
Mercury Systems, Inc.	2015	4.6	3.8
MACOM Technology Solutions Holdings, Inc.	2015	4.5	3.7
Red Rock Resorts, Inc.	2016	3.7	3.1
Wingstop Inc.	2015	3.3	2.8
The Trade Desk	2016	3.3	2.7
Liberty Expedia Holdings, Inc.	2016	3.3	2.7
Impinj, Inc.	2016	3.0	2.5
Varonis Systems, Inc.	2014	2.9	2.4
Flexion Therapeutics Inc.	2016	2.8	2.4

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2017

	Year Acquired	Quarter End Market Cap (billions)	Amount Purchased (millions)
Red Rock Resorts, Inc.	2016	$2.6	$2.5
Impinj, Inc.	2016	0.6	1.9
Teladoc, Inc.	2017	1.4	1.7
Wingstop Inc.	2015	0.8	1.4
Qualys, Inc.	2013	1.4	1.4

We increased our position in **Red Rock Resorts, Inc**., an operator of casinos that cater to local Las Vegas residents. The company traded lower after it reported fourth quarter earnings due to what we believe is a short-term impact to profits from renovations at two of its properties. While this construction disruption will negatively impact 2017's reported results, we believe these extensive property upgrades will benefit profitability in 2018 and beyond. We also think the company can continue to show nice organic growth at its remaining 20 properties as the Las Vegas economy continues to improve.

We recently initiated a position in **Teladoc, Inc**., the U.S.'s first and largest telehealth company providing on-demand remote medical care using telephones or videoconferencing. We believe the lower cost, greater convenience and broader access afforded by telemedicine is a powerful secular growth story, as a rapidly growing number of insurers and large employers are incorporating telehealth into their benefit packages. With penetration of the $30 billion addressable telehealth market at only ~1%, we believe Teladoc will be able to build on its highly scalable technology platform as well as its commanding 75% market share, driving 30% or greater revenue growth for at least the next several years. In addition to adding new customers, growth will come through higher utilization (currently about 5% company-wide, but at levels as high as 30% to 50% at its most mature customers), additional specialized services such as dermatology and behavioral health, and a mix shift to more contracts priced on a per member per month basis.

We added to our position in **Wingstop Inc.,** a franchisor of chicken wing focused restaurants. The company's stock traded lower following the release of its 2017 sales guidance, which came in below expectations. We still believe that the company has a long runway of growth with approximately 1,000 stores today, an opportunity for 2,500 stores domestically, and additional stores in international markets. We also expect the company's new national advertising campaign to help drive sales higher as we progress through the year.

We increased our investment in **Qualys, Inc.** when shares experienced a short-term sell off after earnings were announced. We think some investors grew overly concerned about a slight delay in revenue acceleration from new products and a modest deceleration in the company's base cybersecurity business (vulnerability management, which automates the process by which companies can confirm that application and system software updates are completed on all network connected devices). We believe that we will see an acceleration in revenues starting in late 2017 or early 2018, and the company trades at reasonable multiples of free cash flow.

Table VI.
Top net sales for the quarter ended March 31, 2017

	Year Acquired	Market Cap When Acquired (billions)	Market Cap When Sold (billions)	Amount Sold (millions)
Education Realty Trust, Inc.	2015	$1.7	$2.9	$1.4
MGP Ingredients, Inc.	2016	0.8	0.7	0.8
Mellanox Technologies Ltd.	2016	1.8	2.3	0.7
Neos Therapeutics, Inc.	2015	0.2	0.1	0.6
Benefitfocus, Inc.	2014	0.8	0.8	0.6

We sold **Education Realty Trust, Inc.** as we felt the valuation was full in the context of the current interest rate environment. We sold **MGP Ingredients, Inc.** when our research determined that future supply growth could impact the pricing of some of MGP's products. We sold **Mellanox Technologies Ltd.** after concluding that business results were too difficult to predict. We sold our investment in **Neos Therapeutics, Inc.,** a pharmaceutical company developing drugs to treat attention deficit hyperactivity disorder (ADHD), after we grew concerned that the level of rebates needed on an ongoing basis, would be materially higher than we had initially modelled, weighing on our view of long-term revenues and cash flow. Finally, we liquidated our small position in **Benefitfocus, Inc.** as we felt that we had other, more compelling investment ideas in the software space.

OUTLOOK

Thank you for your support! We hope that this letter gives you a sense of why we remain excited by our portfolio companies' prospects.

Randy Gwirtzman & Laird Bieger
Portfolio Managers
April 20, 2017

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The Adviser believes that there is more potential for capital appreciation in smaller companies, but there also may be more risk. Specific risks associated with investing in smaller companies include that the securities may be thinly traded and they may be more difficult to sell during market downturns. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio managers' views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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Portfolio Market Capitalization (Unaudited)

Baron Asset Fund

Baron Asset Fund invests in mid-sized growth companies with market capitalizations above $2.5 billion or the smallest market cap stock in the Russell Midcap Growth Index at reconstitution, whichever is larger, and below the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
The Priceline Group, Inc.	$87,522	2.1%
The Charles Schwab Corp.	54,555	3.7
Equinix, Inc.	30,703	2.2
Illumina, Inc.	24,911	2.2
Roper Technologies Inc.	21,036	1.9
Concho Resources, Inc.	19,015	0.5
Expedia, Inc.	18,901	1.0
Willis Towers Watson Public Limited Company	17,739	2.3
T. Rowe Price Group, Inc.	16,477	0.6
Fastenal Co.	14,897	1.3
Nielsen Holdings plc	14,770	1.1
First Republic Bank	14,739	1.7
SBA Communications Corp.	14,562	2.6
FleetCor Technologies, Inc.	13,915	1.6
Mobileye N.V.	13,616	0.7
IDEXX Laboratories, Inc.	13,594	6.7
Verisk Analytics, Inc.	13,500	3.9
Henry Schein, Inc.	13,461	2.1
Vantiv, Inc.	12,634	1.7
Mettler-Toledo International, Inc.	12,407	4.5
Universal Health Services, Inc.	12,022	0.7
Tiffany & Co.	11,871	0.9
CBRE Group, Inc.	11,753	2.1
Arch Capital Group Ltd.	11,657	4.5
CarMax, Inc.	11,081	0.9
Advance Auto Parts, Inc.	10,944	0.5
The Cooper Companies, Inc.	9,782	1.8
CDK Global, Inc.	9,427	0.5
ANSYS, Inc.	9,144	2.2
Acuity Brands, Inc.	$8,995	0.7%
Gartner, Inc.	8,961	6.2
Tractor Supply Co.	8,960	0.6
Verisign, Inc.	8,914	2.1
A. O. Smith Corporation	8,874	0.6
Teleflex Incorporated	8,700	0.8
Rollins, Inc.	8,095	0.8
The Middleby Corp.	7,841	1.1
Vail Resorts, Inc.	7,673	5.2
Westinghouse Air Brake Technologies Corporation	7,471	1.5
SS&C Technologies Holdings, Inc.	7,191	1.2
IDEX Corporation	7,137	1.5
Hyatt Hotels Corp.	7,048	1.0
MarketAxess Holdings Inc.	7,047	1.6
CoStar Group, Inc.	6,755	1.5
FactSet Research Systems, Inc.	6,525	2.7
WABCO Holdings Inc.	6,402	0.4
Zillow Group, Inc.	6,161	1.1
West Pharmaceutical Services, Inc.	5,984	1.9
The Ultimate Software Group, Inc.	5,791	0.2
BWX Technologies, Inc.	4,749	0.5
Guidewire Software, Inc.	4,166	2.6
MAXIMUS, Inc.	4,031	0.9
Bio-Techne Corporation	3,793	1.4
Choice Hotels International, Inc.	3,528	1.2
Alexander's, Inc.	2,206	1.0
		98.8%

Baron Growth Fund

Baron Growth Fund invests in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
IDEXX Laboratories, Inc.	$13,594	3.9%
Church & Dwight Co., Inc.	12,669	1.5
Mettler-Toledo International, Inc.	12,407	1.4
Arch Capital Group Ltd.	11,657	6.1
Alexandria Real Estate Equities, Inc.	10,054	1.4
ANSYS, Inc.	9,144	2.9
Gartner, Inc.	8,961	4.4
MSCI, Inc.	8,797	3.1
Under Armour, Inc.	8,323	2.2
The Middleby Corp.	7,841	1.9
Vail Resorts, Inc.	7,673	7.1
SS&C Technologies Holdings, Inc.	7,191	3.2
Gaming and Leisure Properties, Inc.	6,943	3.1
CoStar Group, Inc.	6,755	3.4
FactSet Research Systems, Inc.	6,525	3.9
West Pharmaceutical Services, Inc.	5,984	1.2
Panera Bread Co.	5,951	2.0
Douglas Emmett, Inc.	5,879	2.4
Dick's Sporting Goods, Inc.	5,489	1.2
Booz Allen Hamilton Holding Corp.	5,307	0.6
TreeHouse Foods, Inc.	4,813	0.8
Bright Horizons Family Solutions, Inc.	4,314	2.4
Guidewire Software, Inc.	4,166	1.1
MAXIMUS, Inc.	4,031	2.5
Air Lease Corp.	3,991	0.7
Bio-Techne Corporation	3,793	1.5
Primerica, Inc.	3,757	3.0
Littelfuse, Inc.	3,621	0.8
Choice Hotels International, Inc.	3,528	3.2
Essent Group Ltd.	3,378	0.2
Morningstar, Inc.	3,374	1.6

Company	Equity Market Cap (in millions)	% of Net Assets
Pegasystems, Inc.	$3,361	0.7%
Wix.com Ltd.	3,045	0.2
Oaktree Capital Group, LLC	2,854	1.1
Manchester United plc	2,772	1.6
Marriott Vacations Worldwide Corp.	2,712	2.7
Financial Engines, Inc.	2,710	1.7
Nord Anglia Education Inc.	2,639	1.0
Red Rock Resorts, Inc.	2,570	0.7
Neogen Corp.	2,499	0.4
Performance Food Group Company	2,465	0.4
Masonite International Corp.	2,383	1.9
Virtu Financial, Inc.	2,369	0.1
Moelis & Company	2,301	0.5
Alexander's, Inc.	2,206	0.9
Trex Company, Inc.	2,040	1.1
American Assets Trust, Inc.	1,943	0.5
Inovalon Holdings, Inc.	1,865	0.5
Cohen & Steers, Inc.	1,850	1.4
Glaukos Corporation	1,756	0.3
Penn National Gaming, Inc.	1,675	1.3
The Carlyle Group	1,366	0.4
Caesarstone Ltd.	1,244	1.2
Pinnacle Entertainment, Inc.	1,101	0.9
ClubCorp Holdings, Inc.	1,056	0.3
Iridium Communications Inc.	940	1.4
Smart & Final Stores, Inc.	884	0.4
Benefitfocus, Inc.	859	1.1
AO World plc	712	0.3
Kinsale Capital Group, Inc.	672	0.1
		99.8%

Baron Small Cap Fund

Baron Small Cap Fund invests 80% of its net assets in small-sized growth companies with market capitalizations up to the largest market cap stock in the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $2.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
Liberty Broadband Corporation	$15,667	1.1%
Waste Connections, Inc.	15,503	3.8
SBA Communications Corp.	14,562	2.9
FleetCor Technologies, Inc.	13,915	2.0
IDEXX Laboratories, Inc.	13,594	3.8
Liberty SiriusXM Group	13,041	1.6
Mettler-Toledo International, Inc.	12,407	2.1
CBRE Group, Inc.	11,753	0.5
TransDigm Group, Inc.	11,634	3.6
SL Green Realty Corp.	10,883	0.3
CBOE Holdings, Inc.	9,070	0.5
Acuity Brands, Inc.	8,995	2.7
Gartner, Inc.	8,961	4.6
DexCom, Inc.	7,309	1.9
Cognex Corp.	7,274	2.5
Nordson Corp.	7,069	0.9
Gaming and Leisure Properties, Inc.	6,943	2.0
Liberty Media Corporation – Liberty Formula One	6,851	0.8
Berry Global Group, Inc.	6,256	1.2
The Ultimate Software Group, Inc.	5,791	2.5
The Madison Square Garden Company	4,786	1.5
Aspen Technology, Inc.	4,482	1.7
WEX Inc.	4,424	1.4
ICON plc	4,347	1.9
Bright Horizons Family Solutions, Inc.	4,314	3.8
Univar Inc.	4,293	1.6
Guidewire Software, Inc.	4,166	2.7
PRA Health Sciences, Inc.	4,022	1.8
Patheon N.V.	3,823	0.0
Cantel Medical Corp.	3,342	1.2
Valero Energy Partners LP	3,235	1.1
Dominion Midstream Partners, L.P.	3,170	0.4
Healthcare Services Group, Inc.	3,138	0.3
Wix.com Ltd.	3,045	0.9
The Cheesecake Factory, Inc.	3,024	0.9
PT Sarana Menara Nusantara Tbk.	2,971	1.1
John Bean Technologies Corporation	$2,781	0.8%
Summit Materials, Inc.	2,747	1.7
Welbilt, Inc.	2,726	0.8
Camping World Holdings, Inc.	2,721	1.0
Financial Engines, Inc.	2,710	1.3
Nord Anglia Education Inc.	2,639	2.3
Liberty Expedia Holdings, Inc.	2,591	1.1
Red Rock Resorts, Inc.	2,570	1.1
On Assignment, Inc.	2,555	2.9
HealthEquity, Inc.	2,531	1.6
ACI Worldwide, Inc.	2,509	0.6
INC Research Holdings, Inc.	2,476	1.0
RBC Bearings Incorporated	2,329	1.2
Moelis & Company	2,301	0.9
Electronics For Imaging, Inc.	2,267	1.8
Acxiom Corporation	2,227	1.4
Abcam plc	2,106	0.5
DigitalGlobe, Inc.	2,022	0.7
SiteOne Landscape Supply, Inc.	1,916	1.8
REV Group, Inc.	1,757	0.6
MSG Networks Inc.	1,753	0.7
Party City Holdco Inc.	1,679	0.9
Mercury Systems, Inc.	1,603	1.2
The Trade Desk	1,458	0.4
Qualys, Inc.	1,378	0.7
The Spectranetics Corporation	1,266	1.1
PBF Logistics LP	900	0.5
BJ's Restaurants, Inc.	883	0.6
Wingstop Inc.	816	0.7
Scorpio Tankers Inc.	775	0.3
Flotek Industries, Inc.	738	0.8
Westlake Chemical Partners LP	681	0.2
Capitol Acquisition Corp. III	429	0.9
The Chefs' Warehouse, Inc.	365	0.6
Zoe's Kitchen, Inc.	360	0.5
		98.8%

Baron Opportunity Fund

Baron Opportunity Fund invests in high growth businesses of any market capitalization selected for their capital appreciation potential.

Company	Equity Market Cap (in millions)	% of Net Assets
Alphabet Inc.	$579,426	4.3%
Amazon.com, Inc.	423,031	7.2
Facebook, Inc.	410,522	2.4
Alibaba Group Holding Limited	269,066	2.1
Visa, Inc.	206,242	3.0
Mastercard Incorporated	121,234	2.5
The Priceline Group, Inc.	87,522	1.9
Netflix, Inc.	63,619	2.9
salesforce.com, inc.	58,362	1.9
The Charles Schwab Corp.	54,555	2.1
Tesla, Inc.	45,390	5.0
Equinix, Inc.	30,703	1.9
Intuitive Surgical, Inc.	28,149	1.6
Synchrony Financial	27,810	0.9
Electronic Arts Inc.	27,596	0.9
Snap, Inc.	26,418	0.5
Illumina, Inc.	24,911	1.4
Ctrip.com International, Ltd.	24,459	1.5
Edwards Lifesciences Corp.	19,866	1.2
Concho Resources, Inc.	19,015	1.2
Expedia, Inc.	18,901	2.6
Red Hat, Inc.	15,422	1.6
ServiceNow, Inc.	14,695	2.6
SBA Communications Corp.	14,562	1.3

Company	Equity Market Cap (in millions)	% of Net Assets
Mobileye N.V.	$13,616	1.3%
Verisk Analytics, Inc.	13,500	1.0
ANSYS, Inc.	9,144	1.0
Gartner, Inc.	8,961	5.2
Splunk, Inc.	8,611	1.0
SS&C Technologies Holdings, Inc.	7,191	1.8
MarketAxess Holdings Inc.	7,047	1.6
CoStar Group, Inc.	6,755	5.9
Zillow Group, Inc.	6,161	1.6
Guidewire Software, Inc.	4,166	5.4
Proofpoint, Inc.	3,220	0.9
MuleSoft, Inc.	3,065	0.2
Wix.com Ltd.	3,045	1.7
Ultragenyx Pharmaceutical Inc.	2,828	0.7
Manchester United plc	2,772	2.3
Sage Therapeutics, Inc.	2,649	1.6
Mellanox Technologies Ltd.	2,531	1.3
Acxiom Corporation	2,227	3.8
Glaukos Corporation	1,756	2.0
The Trade Desk	1,458	1.2
Varonis Systems, Inc.	862	1.4
Benefitfocus, Inc.	859	2.5
		99.9%

Baron Partners Fund

Baron Partners Fund is a non-diversified fund that invests primarily in U.S. companies of any size with significant growth potential.

Company	Equity Market Cap (in millions)	% of Total Investments
Amazon.com, Inc.	$423,031	0.8%
The Charles Schwab Corp.	54,555	5.2
Tesla, Inc.	45,390	14.2
IDEXX Laboratories, Inc.	13,594	7.1
Verisk Analytics, Inc.	13,500	2.6
Arch Capital Group Ltd.	11,657	10.4
Norwegian Cruise Line Holdings, Ltd.	11,532	1.1
Gartner, Inc.	8,961	3.2
Under Armour, Inc.	8,323	1.8
Vail Resorts, Inc.	7,673	8.1
Hyatt Hotels Corp.	7,048	6.4
Gaming and Leisure Properties, Inc.	6,943	3.1
CoStar Group, Inc.	6,755	10.5

Company	Equity Market Cap (in millions)	% of Total Investments
FactSet Research Systems, Inc.	$6,525	5.8%
Robert Half International, Inc.	6,240	1.8
Zillow Group, Inc.	6,161	3.9
Panera Bread Co.	5,951	0.4
Douglas Emmett, Inc.	5,879	1.7
MGM Growth Properties LLC	5,831	0.5
Air Lease Corp.	3,991	1.8
Manchester United plc	2,772	4.1
Inovalon Holdings, Inc.	1,865	1.0
The Carlyle Group	1,366	2.1
Benefitfocus, Inc.	859	0.6
AO World plc	712	1.6
		99.8%

Baron Fifth Avenue Growth Fund

Baron Fifth Avenue Growth Fund invests in large-sized growth companies with market capitalizations above the smallest market cap stock in the top 85% of the Russell 1000 Growth Index at reconstitution, or companies with market capitalizations above $10 billion, whichever is smaller.

Company	Equity Market Cap (in millions)	% of Net Assets
Apple, Inc.	$753,718	3.5%
Alphabet Inc.	579,426	6.6
Amazon.com, Inc.	423,031	15.6
Facebook, Inc.	410,522	6.1
Alibaba Group Holding Limited	269,066	6.6
Visa, Inc.	206,242	4.9
Mastercard Incorporated	121,234	4.8
The Priceline Group, Inc.	87,522	5.1
Starbucks Corp.	85,098	1.4
Naspers Limited	75,746	2.8
Biogen, Inc.	59,046	1.0
ASML Holding N.V.	58,326	2.4
The Charles Schwab Corp.	54,555	2.4
Monsanto Co.	49,644	2.3
Tesla, Inc.	45,390	0.9
Regeneron Pharmaceuticals, Inc.	41,107	1.2
CME Group, Inc.	$40,350	2.8%
Brookfield Asset Management, Inc.	35,957	2.0
Equinix, Inc.	30,703	5.2
Intuitive Surgical, Inc.	28,149	2.3
Synchrony Financial	27,810	1.6
Snap, Inc.	26,418	0.5
Illumina, Inc.	24,911	3.5
Ctrip.com International, Ltd.	24,459	3.0
Concho Resources, Inc.	19,015	1.6
Expedia, Inc.	18,901	2.4
Red Hat, Inc.	15,422	2.2
First Republic Bank	14,739	2.3
Mobileye N.V.	13,616	0.5
Verisk Analytics, Inc.	13,500	1.2
EPAM Systems, Inc.	3,866	1.3
		100.0%

Baron Focused Growth Fund

Baron Focused Growth Fund is a non-diversified fund that invests in small and mid-sized growth companies with market capitalizations up to the largest market cap stock in the Russell Midcap Growth Index at reconstitution.

Company	Equity Market Cap (in millions)	% of Net Assets
Tesla, Inc.	$45,390	13.4%
Verisk Analytics, Inc.	13,500	2.6
Church & Dwight Co., Inc.	12,669	2.7
Arch Capital Group Ltd.	11,657	5.1
Vail Resorts, Inc.	7,673	14.0
Hyatt Hotels Corp.	7,048	9.8
CoStar Group, Inc.	6,755	8.3
FactSet Research Systems, Inc.	6,525	6.6
Guidewire Software, Inc.	4,166	3.1
Choice Hotels International, Inc.	$3,528	5.0%
Manchester United plc	2,772	5.0
Financial Engines, Inc.	2,710	4.1
The Carlyle Group	1,366	3.7
Iridium Communications Inc.	940	4.1
Benefitfocus, Inc.	859	3.3
AO World plc	712	1.8
		92.6%

Baron International Growth Fund

Baron International Growth Fund is a diversified fund that invests in non-U.S companies with significant growth potential. Investments may be made across all market capitalizations. The Fund invests principally in companies of developed countries and may invest up to 35% in companies of developing countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Tencent Holdings, Ltd.	$271,702	2.1%
Alibaba Group Holding Limited	269,066	2.1
Industria de Diseño Textil, S.A.	109,853	1.4
BNP Paribas S.A.	83,076	1.8
Softbank Group Corp.	77,727	2.6
Reckitt Benckiser Group Plc	63,955	2.4
Sberbank of Russia PJSC	62,278	0.8
Baidu, Inc.	59,949	0.9
Suncor Energy Inc.	51,307	1.0
Sony Corporation	42,621	1.6
FANUC Corp.	41,830	1.9
Bridgestone Corp.	32,888	1.0
Recruit Holdings Co Ltd	28,842	0.8
Maruti Suzuki India Ltd.	27,985	1.1
Fresenius Medical Care AG & Co. KGaA	25,897	1.8
Ctrip.com International, Ltd.	24,459	1.0
Aena SA	23,731	1.9
Haitong Securities Co., Ltd.	22,940	1.0
Mitsui Fudosan Co. Ltd.	21,141	0.9
Ryanair Holdings plc	20,212	1.3
Experian plc	19,239	1.5
Check Point Software Technologies Ltd.	17,955	1.6
BYD Company Ltd.	17,732	0.4
Agilent Technologies, Inc.	17,040	1.5
Rakuten, Inc.	14,347	1.4
Mobileye N.V.	13,616	1.3
Grifols SA	13,251	0.7
Newcrest Mining Ltd.	13,045	0.5
BM&FBOVESPA SA	12,688	0.5
Arch Capital Group Ltd.	11,657	2.5
Encana Corp.	11,399	1.2
Julius Baer Group Ltd.	11,172	2.1
Constellation Software, Inc.	10,414	2.5
Daiwa Securities Group, Inc.	10,348	1.3
ProSiebenSat.1 Media AG	10,260	1.2
YPF S.A.	9,550	1.5
Sociedad Química y Minera de Chile SA	9,202	0.8
TAL Education Group	8,761	1.3

Company	Equity Market Cap (in millions)	% of Net Assets
Symrise AG	$8,626	1.0%
Intertek Group plc	7,955	1.5
Zee Entertainment Enterprises Ltd.	7,921	0.8
Worldpay Group plc	7,402	1.1
Eurofins Scientific SE	7,372	3.0
Momo Inc.	6,537	1.6
JUST EAT plc	4,814	0.7
Copa Holdings, S.A.	4,710	1.3
Domino's Pizza Enterprises Ltd.	3,946	1.5
MonotaRO Co., Ltd.	3,867	1.6
Howden Joinery Group Plc	3,427	0.9
Tata Communications Limited	3,169	1.0
Wix.com Ltd.	3,045	1.7
L'Occitane International S.A.	3,007	0.4
PT Sarana Menara Nusantara Tbk.	2,971	0.4
Golar LNG Ltd.	2,822	1.4
InterXion Holding N.V.	2,793	1.0
Cimpress N.V.	2,680	0.4
Divi's Laboratories Ltd.	2,550	0.4
Mellanox Technologies Ltd.	2,531	1.6
Smiles SA	2,508	1.5
Abcam plc	2,106	2.0
Domino's Pizza Group plc	1,903	1.1
PT Tower Bersama Infrastructure, Tbk.	1,853	0.5
MYOB Group Limited	1,649	1.2
TOTVS SA	1,468	0.8
TechnoPro Holdings, Inc.	1,320	1.3
Kingdee International Software Group Co. Ltd.	1,212	0.9
SMS CO., LTD.	1,100	1.1
JM Financial Limited	1,083	0.8
Multi Commodity Exchange of India Ltd.	946	0.8
TerraForm Global, Inc.	837	0.3
AO World plc	712	0.5
RIB Software SE	615	2.3
China Distance Education Holdings Limited	336	0.7
Horizon Discovery Group plc	216	0.7
Lekoil, Ltd.	155	0.4
		93.4%

Baron Real Estate Fund

Baron Real Estate Fund is a non-diversified fund that invests 80% of its net assets in equity securities of U.S. and non-U.S. real estate and real estate-related companies of any size. The Fund's investment in non-U.S. companies will not exceed 25%.

Company	Equity Market Cap (in millions)	% of Net Assets
Home Depot, Inc.	$176,625	4.6%
Lowe's Companies, Inc.	71,510	1.0
Simon Property Group, Inc.	55,021	1.8
American Tower Corp.	51,921	4.7
Marriott International, Inc.	36,124	2.4
Brookfield Asset Management, Inc.	35,957	2.4
Equinix, Inc.	30,703	4.8
The Sherwin-Williams Company	28,891	2.8
Prologis, Inc.	27,474	1.6
Equity Residential	22,841	1.5
Royal Caribbean Cruises Ltd.	21,074	1.5
Boston Properties, Inc.	20,370	0.8
Hilton Worldwide Holdings, Inc.	19,276	3.0
Vornado Realty Trust	18,969	1.2
Mohawk Industries, Inc.	17,025	6.3
Vulcan Materials Company	15,980	3.0
MGM Resorts International	15,733	5.3
SBA Communications Corp.	14,562	1.4
Martin Marietta Materials, Inc.	13,764	2.6
CBRE Group, Inc.	11,753	2.4
Norwegian Cruise Line Holdings, Ltd.	11,532	2.5
Masco Corporation	10,888	1.9

Company	Equity Market Cap (in millions)	% of Net Assets
Alexandria Real Estate Equities, Inc.	$10,054	1.5%
Acuity Brands, Inc.	8,995	1.9
Wyndham Worldwide Corp.	8,829	2.6
Gaming and Leisure Properties, Inc.	6,943	1.7
Invitation Homes, Inc.	6,776	1.7
CoStar Group, Inc.	6,755	2.9
Macquarie Infrastructure Corporation	6,626	3.7
American Campus Communities, Inc.	6,350	1.2
Douglas Emmett, Inc.	5,879	1.4
Toll Brothers, Inc.	5,872	1.2
MGM Growth Properties LLC	5,831	1.6
Park Hotels & Resort Inc.	5,501	1.4
Hudson Pacific Properties, Inc.	5,406	0.5
PT Sarana Menara Nusantara Tbk.	2,971	1.1
Hilton Grand Vacations Inc.	2,836	1.4
InterXion Holding N.V.	2,793	6.1
Boyd Gaming Corporation	2,492	1.7
Masonite International Corp.	2,383	2.1
SiteOne Landscape Supply, Inc.	1,916	1.5
Rexford Industrial Realty, Inc.	1,500	1.0
Pinnacle Entertainment, Inc.	1,101	1.0
		98.7%

Baron Emerging Markets Fund

Baron Emerging Markets Fund is a diversified fund that invests 80% of its net assets in non-U.S. companies of all sizes domiciled, headquartered or whose primary business activities or principal trading markets are in developing countries. The Fund may invest up to 20% in companies in developed market countries and in Frontier Countries.

Company	Equity Market Cap (in millions)	% of Net Assets
Tencent Holdings, Ltd.	$271,702	2.7%
Alibaba Group Holding Limited	269,066	3.5
Samsung Electronics Co., Ltd.	259,143	2.4
China Mobile Ltd.	224,080	1.2
PetroChina Co. Ltd.	200,705	0.8
Taiwan Semiconductor Manufacturing Company Ltd.	170,311	2.1
Sberbank of Russia PJSC	62,278	1.5
Baidu, Inc.	59,949	1.3
Wal-Mart de México, S.A.B. de C.V.	40,253	0.4
Housing Development Finance Corporation Limited	36,741	1.5
Hangzhou Hikvision Digital Technology Co., Ltd.	28,490	0.9
Maruti Suzuki India Ltd.	27,985	1.4
Coal India Ltd.	27,976	1.1
Fomento Económico Mexicano, S.A.B. de C.V.	27,267	1.0
NAVER Corporation	25,202	1.3
Kotak Mahindra Bank Ltd.	24,724	1.3
Ctrip.com International, Ltd.	24,459	1.4
Haitong Securities Co., Ltd.	22,940	1.1
Steinhoff International Holdings N.V.	20,649	0.6
PT Bank Mandiri (Persero) Tbk	20,487	0.7
Shinhan Financial Group Co., Ltd.	19,760	0.9
Samsung Life Insurance Co. Ltd.	19,405	0.8
Sasol Limited	18,964	0.9
KB Financial Group Inc.	18,320	1.1
Magnit PJSC	18,061	0.6
BYD Company Ltd.	17,732	0.6
Grupo Financiero Banorte, S.A.B. de C.V.	15,950	0.8
Delta Electronics, Inc.	13,911	1.2
Sinopharm Group Co. Ltd.	12,836	1.3
BM&FBOVESPA SA	12,688	1.0
Wh Group Ltd	12,631	1.4
Taiwan Mobile Co., Ltd.	12,571	1.0
Banco Santander-Chile	11,816	0.9
LG Household & Health Care Ltd.	11,326	1.1
Bangkok Bank Public Co. Ltd.	10,332	0.7
BDO Unibank, Inc.	10,236	1.0
Ayala Land, Inc.	9,691	0.7
YPF S.A.	9,550	1.7
Global Logistic Properties Ltd.	9,315	1.4
Sociedad Química y Minera de Chile SA	9,202	1.0
PT Bank Negara Indonesia (Persero) Tbk	9,062	1.0
Shenzhou International Group Holdings Ltd.	8,830	1.0
TAL Education Group	8,761	1.6
China Mengniu Dairy Co. Ltd.	8,131	1.2
Motherson Sumi Systems Ltd	8,038	0.8
Sunny Optical Technology Group	8,018	1.0

Company	Equity Market Cap (in millions)	% of Net Assets
Far EasTone Telecommunications Co., Ltd.	$8,001	1.0%
Zee Entertainment Enterprises Ltd.	7,921	0.8
Catcher Technology Co., Ltd.	7,617	1.1
Techtronic Industries Co. Ltd.	7,416	0.8
Infraestructura Energetica Nova S.A.B. de C.V.	7,310	1.3
Yandex N.V.	7,092	0.8
Kroton Educacional SA	6,898	1.0
Momo Inc.	6,537	1.6
Bid Corporation Ltd.	6,493	1.0
Bank of Baroda	6,137	1.0
Sino Biopharmaceutical Ltd.	6,104	0.7
GRUMA, S.A.B. de C.V.	6,091	0.9
SINA Corporation	5,038	0.4
Sun TV Network Ltd.	4,798	1.2
Copa Holdings, S.A.	4,710	1.7
Grupo Lala, S.A.B. de C.V.	4,492	0.7
AngloGold Ashanti Limited	4,421	0.5
Torrent Pharmaceuticals Ltd.	4,046	0.5
Bidvest Group Ltd.	3,847	0.8
Metro Pacific Investments Corp.	3,780	0.5
China Everbright Ltd.	3,400	0.7
Tata Communications Limited	3,169	0.9
Man Wah Holdings Ltd.	3,037	0.9
PT Sarana Menara Nusantara Tbk.	2,971	0.3
Exide Industries Ltd.	2,937	1.2
Eclat Textile Co., Ltd.	2,695	0.5
Tullow Oil plc	2,685	0.6
Zhaojin Mining Industry Company Limited	2,595	0.4
Divi's Laboratories Ltd.	2,550	0.6
Smiles SA	2,508	1.8
Life Healthcare Group Holdings Limited	2,443	0.6
Novatek Microelectronics Corp.	2,356	0.9
Amara Raja Batteries Limited	2,341	0.9
Multiplus SA	1,866	0.5
PT Tower Bersama Infrastructure, Tbk.	1,853	0.6
Bitauto Holdings Ltd	1,811	0.6
MyEG Services Berhad	1,508	0.7
TOTVS SA	1,468	0.8
Kingdee International Software Group Co. Ltd.	1,212	0.6
PVR Ltd.	1,030	0.8
Multi Commodity Exchange of India Ltd.	946	0.6
Ginko International Co., Ltd.	849	0.7
Makalot Industrial Co., Ltd.	848	0.3
TerraForm Global, Inc.	837	0.3
Manpasand Beverages Ltd.	621	0.7
Hathway Cable & Datacom Limited	482	0.1
DEN Networks Ltd.	247	0.2
Lekoil, Ltd.	155	0.3
		91.3%

Baron Energy and Resources Fund

Baron Energy and Resources Fund is a non-diversified fund that invests 80% of its net assets in equity securities of U.S. and non-U.S. energy and resources companies and related companies of any size.

Company	Equity Market Cap (in millions)	% of Total Investments
Schlumberger Limited	$108,881	2.0%
EOG Resources, Inc.	56,302	2.3
Tesla, Inc.	45,390	4.0
Halliburton Co.	42,662	3.7
Anadarko Petroleum Corporation	34,640	1.4
Valero Energy Corporation	29,746	2.9
Energy Transfer Equity, L.P.	21,292	2.7
Concho Resources, Inc.	19,015	5.9
TechnipFMC plc	15,164	2.2
MPLX LP	13,034	1.3
Targa Resources Corp.	11,685	3.5
Encana Corp.	11,399	6.0
Parsley Energy, Inc.	8,924	6.3
Newfield Exploration Co.	7,344	4.1
Infraestructura Energetica Nova S.A.B. de C.V.	7,310	1.2
Antero Resources Corporation	7,185	2.0
RSP Permian, Inc.	6,543	6.6
WPX Energy, Inc.	5,321	2.7
Energen Corporation	5,291	1.5
Core Laboratories N.V.	5,103	1.3

Company	Equity Market Cap (in millions)	% of Total Investments
Rice Energy Inc.	$4,823	3.0%
Aspen Technology, Inc.	4,482	2.5
U.S. Silica Holdings, Inc.	3,890	2.3
Nabors Industries Ltd.	3,730	1.5
Valero Energy Partners LP	3,235	2.3
Golar LNG Ltd.	2,822	3.7
SemGroup Corporation	2,385	1.7
Forum Energy Technologies, Inc.	1,989	1.5
Carrizo Oil & Gas, Inc.	1,867	0.5
Noble Midstream Partners LP	1,656	2.3
Keane Group, Inc.	1,475	0.6
Scorpio Tankers Inc.	775	0.9
Flotek Industries, Inc.	738	4.9
Westlake Chemical Partners LP	681	1.2
Smart Sand, Inc.	660	2.0
Jones Energy, Inc.	235	1.3
Sanchez Production Partners LP	222	2.0
Lekoil, Ltd.	155	0.7
		98.5%

Baron Global Advantage Fund

Baron Global Advantage Fund is a diversified fund that invests primarily in established and emerging markets companies located throughout the world with capitalization within the range of companies included in the MSCI ACWI Growth Index Net.

Company	Equity Market Cap (in millions)	% of Net Assets
Alphabet Inc.	$579,426	4.5%
Amazon.com, Inc.	423,031	6.3
Facebook, Inc.	410,522	4.6
Alibaba Group Holding Limited	269,066	6.4
Taiwan Semiconductor Manufacturing Company Ltd.	170,311	1.1
The Priceline Group, Inc.	87,522	2.0
Naspers Limited	75,746	4.5
HDFC Bank Ltd.	64,190	1.0
Petróleo Brasileiro S.A. – Petrobras	61,884	1.1
Baidu, Inc.	59,949	1.5
ASML Holding N.V.	58,326	2.2
Tesla, Inc.	45,390	1.3
JD.com, Inc.	44,433	1.8
Housing Development Finance Corporation Limited	36,741	1.7
Snap, Inc.	26,418	0.5
Illumina, Inc.	24,911	2.1
Ctrip.com International, Ltd.	24,459	4.4
Expedia, Inc.	18,901	2.6
Check Point Software Technologies Ltd.	17,955	1.2
First Republic Bank	14,739	1.6
Mobileye N.V.	13,616	2.8
Constellation Software, Inc.	10,414	3.5

Company	Equity Market Cap (in millions)	% of Net Assets
Daiwa Securities Group, Inc.	$10,348	1.3%
CBOE Holdings, Inc.	9,070	1.0
TAL Education Group	8,761	3.6
Splunk, Inc.	8,611	0.8
JUST EAT plc	4,814	1.9
EPAM Systems, Inc.	3,866	3.4
MuleSoft, Inc.	3,065	0.2
Ultragenyx Pharmaceutical Inc.	2,828	0.4
Sage Therapeutics, Inc.	2,649	0.9
Mellanox Technologies Ltd.	2,531	3.9
FireEye, Inc.	2,238	1.6
Acxiom Corporation	2,227	2.3
Luxoft Holding, Inc.	2,075	1.3
Glaukos Corporation	1,756	1.9
Pacira Pharmaceuticals, Inc.	1,711	1.5
Noble Midstream Partners LP	1,656	1.2
BlackLine, Inc.	1,526	0.6
Aerie Pharmaceuticals, Inc.	1,525	1.0
Globant, S.A.	1,252	1.7
Varonis Systems, Inc.	862	2.0
Benefitfocus, Inc.	859	0.6
Greenlight Capital Re, Ltd.	826	0.4
Adamas Pharmaceuticals, Inc.	389	1.5
		93.7%

Baron Discovery Fund

Baron Discovery Fund invests in small sized growth companies with market capitalizations up to the weighted median market capitalization of the Russell 2000 Growth Index at reconstitution, or companies with market capitalizations up to $1.5 billion, whichever is larger.

Company	Equity Market Cap (in millions)	% of Net Assets
Liberty Media Corporation – Liberty Formula One	$6,851	1.8%
Coherent, Inc.	5,049	1.1
JUST EAT plc	4,814	2.1
Dominion Midstream Partners, L.P.	3,170	1.2
MuleSoft, Inc.	3,065	0.1
MACOM Technology Solutions Holdings, Inc.	3,060	3.7
Ultragenyx Pharmaceutical Inc.	2,828	0.3
Nevro Corp.	2,735	1.3
Sage Therapeutics, Inc.	2,649	1.2
Nord Anglia Education Inc.	2,639	1.9
Liberty Expedia Holdings, Inc.	2,591	2.7
Red Rock Resorts, Inc.	2,570	3.1
HealthEquity, Inc.	2,531	0.4
Acxiom Corporation	2,227	1.9
DigitalGlobe, Inc.	2,022	1.1
SiteOne Landscape Supply, Inc.	1,916	2.2
Domino’s Pizza Group plc	1,903	0.8
Glaukos Corporation	1,756	1.6
Pacira Pharmaceuticals, Inc.	1,711	1.6
Party City Holdco Inc.	1,679	1.4
Mercury Systems, Inc.	1,603	3.8
Inogen, Inc.	1,595	1.3
BlackLine, Inc.	1,526	0.5
Rexford Industrial Realty, Inc.	1,500	1.5
ESCO Technologies, Inc.	1,495	0.8
The Trade Desk	1,458	2.7
TherapeuticsMD, Inc.	1,422	2.3
Envestnet, Inc.	1,403	1.6
Qualys, Inc.	1,378	3.9
Teladoc, Inc.	$1,358	1.4%
TrueCar, Inc.	1,341	1.9
Myriad Genetics, Inc.	1,307	2.2
The Spectranetics Corporation	1,266	1.3
Medpace Holdings, Inc.	1,216	1.2
Foundation Medicine, Inc.	1,142	2.4
Pinnacle Entertainment, Inc.	1,101	1.1
Varonis Systems, Inc.	862	2.4
Flexion Therapeutics Inc.	854	2.4
Quotient Technology Inc.	851	0.9
Wingstop Inc.	816	2.8
Flotek Industries, Inc.	738	1.6
Kinsale Capital Group, Inc.	672	1.6
CommerceHub, Inc.	668	1.2
TPI Composites, Inc.	641	1.5
Kornit Digital Ltd.	640	1.4
Impinj, Inc.	623	2.5
QAD Inc.	517	1.0
Ichor Holdings, Ltd.	491	1.1
The KEYW Holding Corporation	467	1.8
Cerus Corporation	461	1.7
Novadaq Technologies Inc.	450	1.2
Adamas Pharmaceuticals, Inc.	389	0.8
Zoe’s Kitchen, Inc.	360	0.2
Jones Energy, Inc.	235	0.5
Amber Road, Inc.	209	1.3
Sientra, Inc.	159	1.6
Everspin Technologies, Inc.	105	1.2
Barfresh Food Group, Inc.	74	0.5
		92.6%

Baron Asset Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (98.77%)			
Consumer Discretionary (13.38%)			
	Automotive Retail (1.36%)		
92,000	Advance Auto Parts, Inc.	$ 15,941,373	$ 13,639,920
388,000	CarMax, Inc.[1]	4,415,017	22,977,360
		20,356,390	36,617,280
	Hotels, Resorts & Cruise Lines (2.23%)		
525,400	Choice Hotels International, Inc.	2,254,244	32,890,040
500,000	Hyatt Hotels Corp., Cl A[1]	13,523,436	26,990,000
		15,777,680	59,880,040
	Internet & Direct Marketing Retail (3.12%)		
212,000	Expedia, Inc.	25,262,837	26,748,040
32,000	The Priceline Group, Inc.[1]	5,125,131	56,959,040
		30,387,968	83,707,080
	Leisure Facilities (5.18%)		
725,000	Vail Resorts, Inc.	14,063,109	139,127,500
	Specialty Stores (1.49%)		
260,000	Tiffany & Co.	8,018,828	24,778,000
220,000	Tractor Supply Co.	6,736,191	15,173,400
		14,755,019	39,951,400
Total Consumer Discretionary		95,340,166	359,283,300
Energy (0.52%)			
	Oil & Gas Exploration & Production (0.52%)		
107,500	Concho Resources, Inc.[1]	4,595,625	13,796,550
Financials (17.10%)			
	Asset Management & Custody Banks (0.63%)		
250,000	T. Rowe Price Group, Inc.	6,031,231	17,037,500
	Financial Exchanges & Data (4.28%)		
435,000	FactSet Research Systems, Inc.	23,564,473	71,735,850
230,000	MarketAxess Holdings, Inc.	25,489,330	43,122,700
		49,053,803	114,858,550
	Insurance Brokers (2.31%)		
475,000	Willis Towers Watson plc[2]	58,514,776	62,172,750
	Investment Banking & Brokerage (3.72%)		
2,450,000	The Charles Schwab Corp.	2,351,369	99,984,500
	Property & Casualty Insurance (4.50%)		
1,275,000	Arch Capital Group Ltd.[1,2]	13,874,064	120,831,750
	Regional Banks (1.66%)		
475,000	First Republic Bank	15,197,602	44,559,750
Total Financials		145,022,845	459,444,800

Shares		Cost	Value
Common Stocks (continued)			
Health Care (22.06%)			
	Health Care Distributors (2.13%)		
337,000	Henry Schein, Inc.[1]	$ 9,010,382	$ 57,279,890
	Health Care Equipment (7.47%)		
1,161,000	IDEXX Laboratories, Inc.[1]	22,010,924	179,502,210
110,000	Teleflex, Inc.	17,089,386	21,310,300
		39,100,310	200,812,510
	Health Care Facilities (0.69%)		
148,000	Universal Health Services, Inc., Cl B	8,389,889	18,418,600
	Health Care Supplies (3.64%)		
240,000	The Cooper Companies, Inc.	30,555,224	47,973,600
610,000	West Pharmaceutical Services, Inc.	26,714,894	49,782,100
		57,270,118	97,755,700
	Life Sciences Tools & Services (8.13%)		
380,000	Bio-Techne Corporation	36,982,041	38,627,000
352,000	Illumina, Inc.[1]	15,181,108	60,065,280
250,000	Mettler-Toledo International, Inc.[1]	15,496,167	119,727,500
		67,659,316	218,419,780
Total Health Care		181,430,015	592,686,480
Industrials (15.26%)			
	Aerospace & Defense (0.45%)		
255,000	BWX Technologies, Inc.	12,127,190	12,138,000
	Building Products (0.61%)		
320,000	AO Smith Corp.	15,918,938	16,371,200
	Construction Machinery & Heavy Trucks (1.86%)		
90,000	WABCO Holdings, Inc.[1]	10,455,704	10,567,800
505,000	Westinghouse Air Brake Technologies Corporation	33,676,456	39,390,000
		44,132,160	49,957,800
	Electrical Components & Equipment (0.72%)		
95,000	Acuity Brands, Inc.	19,770,549	19,380,000
	Environmental & Facilities Services (0.80%)		
581,087	Rollins, Inc.	16,726,225	21,575,760
	Industrial Conglomerates (1.85%)		
240,000	Roper Technologies, Inc.	20,050,484	49,557,600
	Industrial Machinery (2.61%)		
430,000	IDEX Corporation	31,397,849	40,209,300
220,000	The Middleby Corp.[1]	10,736,494	30,019,000
		42,134,343	70,228,300

Baron Asset Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Research & Consulting Services (5.07%)		
740,000	Nielsen Holdings PLC[2]	$ 17,543,972	$ 30,569,400
1,300,000	Verisk Analytics, Inc.[1]	33,418,943	105,482,000
		50,962,915	136,051,400
	Trading Companies & Distributors (1.29%)		
675,000	Fastenal Co.	11,933,597	34,762,500
Total Industrials		233,756,401	410,022,560
Information Technology (22.58%)			
	Application Software (7.37%)		
550,000	ANSYS, Inc.[1]	14,771,001	58,778,500
220,000	CDK Global, Inc.	10,973,416	14,302,200
1,220,000	Guidewire Software, Inc.[1]	58,902,936	68,722,600
285,000	Mobileye N.V.[1,2]	7,329,168	17,499,000
919,000	SS&C Technologies Holdings, Inc.	25,120,157	32,532,600
32,000	The Ultimate Software Group, Inc.[1]	6,098,077	6,246,720
		123,194,755	198,081,620
	Data Processing & Outsourced Services (4.22%)		
277,000	FleetCor Technologies, Inc.[1]	10,071,962	41,946,110
400,000	MAXIMUS, Inc.	20,233,990	24,880,000
725,000	Vantiv, Inc., Cl A[1]	39,304,846	46,487,000
		69,610,798	113,313,110
	Internet Software & Services (4.76%)		
200,000	CoStar Group, Inc.[1]	34,528,695	41,444,000
650,000	Verisign, Inc.[1]	31,889,164	56,621,500
270,872	Zillow Group, Inc., Cl A[1]	7,666,898	9,158,183
614,000	Zillow Group, Inc., Cl C[1]	15,676,412	20,673,380
		89,761,169	127,897,063
	IT Consulting & Other Services (6.23%)		
1,550,000	Gartner, Inc.[1]	33,739,350	167,384,500
Total Information Technology		316,306,072	606,676,293
Real Estate (7.87%)			
	Office REITs (1.00%)		
62,000	Alexander's, Inc.[3]	2,779,303	26,775,320
	Real Estate Services (2.07%)		
1,600,000	CBRE Group, Inc., Cl A[1]	19,628,157	55,664,000
	Specialized REITs (4.80%)		
144,505	Equinix, Inc.	9,802,123	57,855,467
590,000	SBA Communications Corp.[1]	16,542,706	71,018,300
		26,344,829	128,873,767
Total Real Estate		48,752,289	211,313,087
TOTAL COMMON STOCKS		**1,025,203,413**	**2,653,223,070**

Shares		Cost	Value
Private Equity Investments (0.12%)			
Financials (0.12%)			
	Asset Management & Custody Banks (0.12%)		
7,056,223	Windy City Investments Holdings, L.L.C.[1,3,4]	**$ 0**	**$ 3,245,862**

Principal Amount		Cost	Value
Short Term Investments (0.95%)			
$25,551,931	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $25,552,122; (Fully collateralized by $26,440,000 U.S. Treasury Inflation Indexed Note, 0.125% due 7/15/2026; Market value - $26,063,732)	**25,551,931**	**25,551,931**
TOTAL INVESTMENTS (99.84%)		**$1,050,755,344**	**2,682,020,863**
CASH AND OTHER ASSETS LESS LIABILITIES (0.16%)			**4,384,921**
NET ASSETS			**$2,686,405,784**
RETAIL SHARES (Equivalent to $63.73 per share based on 29,087,303 shares outstanding)			**$1,853,709,690**
INSTITUTIONAL SHARES (Equivalent to $65.62 per share based on 12,557,782 shares outstanding)			**$ 824,077,418**
R6 SHARES (Equivalent to $65.61 per share based on 131,357 shares outstanding)			**$ 8,618,676**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
4 At March 31, 2017, the market value of restricted and fair valued securities amounted to $3,245,862 or 0.12 % of net assets. This security is not deemed liquid.

Baron Growth Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (99.58%)			
Consumer Discretionary (26.89%)			
	Apparel, Accessories & Luxury Goods (2.15%)		
3,475,000	Under Armour, Inc., Cl A[1]	$ 13,912,447	$ 68,735,500
3,190,000	Under Armour, Inc., Cl C[1]	12,023,168	58,377,000
		25,935,615	127,112,500
	Casinos & Gaming (2.83%)		
4,155,000	Penn National Gaming, Inc.[1]	36,915,622	76,576,650
2,625,000	Pinnacle Entertainment, Inc.[1]	29,435,112	51,240,000
1,760,582	Red Rock Resorts, Inc., Cl A	34,437,581	39,049,709
		100,788,315	166,866,359
	Education Services (3.48%)		
1,985,000	Bright Horizons Family Solutions, Inc.[1]	64,647,112	143,892,650
2,423,500	Nord Anglia Education, Inc.[1,2]	45,906,790	61,411,490
		110,553,902	205,304,140
	Hotels, Resorts & Cruise Lines (5.90%)		
3,007,500	Choice Hotels International, Inc.[4]	73,061,456	188,269,500
1,600,000	Marriott Vacations Worldwide Corp.[4]	87,504,361	159,888,000
		160,565,817	348,157,500
	Internet & Direct Marketing Retail (0.34%)		
11,704,702	AO World plc (United Kingdom)[1,2]	26,353,820	19,797,516
	Leisure Facilities (7.44%)		
1,100,000	ClubCorp Holdings, Inc.	19,230,077	17,655,000
2,196,993	Vail Resorts, Inc.[4]	80,228,702	421,602,957
		99,458,779	439,257,957
	Movies & Entertainment (1.56%)		
5,450,018	Manchester United plc, Cl A[2]	77,159,985	92,105,304
	Restaurants (2.00%)		
450,000	Panera Bread Co., Cl A[1]	15,602,751	117,841,500
	Specialty Stores (1.19%)		
1,450,000	Dick's Sporting Goods, Inc.	22,908,317	70,557,000
Total Consumer Discretionary		639,327,301	1,586,999,776
Consumer Staples (3.19%)			
	Food Distributors (0.45%)		
1,105,000	Performance Food Group Co.[1]	20,995,000	26,299,000
	Food Retail (0.43%)		
2,100,000	Smart & Final Stores, Inc.[1]	35,919,688	25,410,000
	Household Products (1.48%)		
1,750,000	Church & Dwight Co., Inc.	15,890,587	87,272,500
	Packaged Foods & Meats (0.83%)		
580,000	TreeHouse Foods, Inc.[1]	19,567,560	49,102,800
Total Consumer Staples		92,372,835	188,084,300

Shares		Cost	Value
Common Stocks (continued)			
Financials (23.20%)			
	Asset Management & Custody Banks (4.63%)		
1,500,000	The Carlyle Group	$ 32,844,320	$ 23,925,000
2,140,000	Cohen & Steers, Inc.	54,011,768	85,535,800
2,250,000	Financial Engines, Inc.	63,928,705	97,987,500
1,455,195	Oaktree Capital Group, LLC	65,648,565	65,920,333
		216,433,358	273,368,633
	Financial Exchanges & Data (8.56%)		
1,395,000	FactSet Research Systems, Inc.	70,024,081	230,049,450
1,185,000	Morningstar, Inc.	30,128,461	93,141,000
1,875,000	MSCI, Inc.	35,989,456	182,231,250
		136,141,998	505,421,700
	Investment Banking & Brokerage (0.58%)		
775,000	Moelis & Co., Cl A	22,607,788	29,837,500
250,000	Virtu Financial, Inc., Cl A	4,750,000	4,250,000
		27,357,788	34,087,500
	Life & Health Insurance (3.01%)		
2,160,000	Primerica, Inc.	47,146,305	177,552,000
	Property & Casualty Insurance (6.18%)		
3,800,000	Arch Capital Group Ltd.[1,2]	36,852,471	360,126,000
147,000	Kinsale Capital Group, Inc.	4,042,500	4,709,880
		40,894,971	364,835,880
	Thrifts & Mortgage Finance (0.24%)		
400,000	Essent Group, Ltd.[1,2]	9,483,065	14,468,000
Total Financials		477,457,485	1,369,733,713
Health Care (9.17%)			
	Health Care Equipment (4.15%)		
348,374	Glaukos Corporation[1]	11,729,755	17,871,586
1,470,000	IDEXX Laboratories, Inc.[1]	22,572,748	227,276,700
		34,302,503	245,148,286
	Health Care Supplies (1.62%)		
365,038	Neogen Corp.[1]	8,075,677	23,928,241
875,000	West Pharmaceutical Services, Inc.	30,383,156	71,408,750
		38,458,833	95,336,991
	Health Care Technology (0.51%)		
2,395,957	Inovalon Holdings, Inc., Cl A[1]	53,135,542	30,189,058
	Life Sciences Tools & Services (2.89%)		
875,000	Bio-Techne Corporation	46,302,066	88,943,750
170,000	Mettler-Toledo International, Inc.[1]	7,810,313	81,414,700
		54,112,379	170,358,450
Total Health Care		180,009,257	541,032,785

Baron Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (6.70%)			
	Building Products (4.14%)		
2,000,000	CaesarStone Ltd.[1,2,4]	$ 39,958,972	$ 72,500,000
1,380,000	Masonite International Corp.[1,2]	76,932,413	109,365,000
900,000	Trex Company, Inc.[1]	32,905,548	62,451,000
		149,796,933	244,316,000
	Industrial Machinery (1.91%)		
825,000	The Middleby Corp.[1]	23,225,508	112,571,250
	Trading Companies & Distributors (0.65%)		
1,000,000	Air Lease Corp.	23,203,508	38,750,000
Total Industrials		196,225,949	395,637,250
Information Technology (20.90%)			
	Application Software (7.93%)		
1,600,000	ANSYS, Inc.[1]	37,902,179	170,992,000
1,190,000	Guidewire Software, Inc.[1]	38,711,926	67,032,700
1,000,000	Pegasystems, Inc.	13,997,009	43,850,000
5,265,000	SS&C Technologies Holdings, Inc.	43,555,278	186,381,000
		134,166,392	468,255,700
	Data Processing & Outsourced Services (2.50%)		
2,375,000	MAXIMUS, Inc.	44,768,159	147,725,000
	Electronic Components (0.76%)		
280,000	Littelfuse, Inc.	31,472,950	44,774,800
	Internet Software & Services (4.70%)		
2,324,374	Benefitfocus, Inc.[1,4]	86,529,482	64,966,253
975,000	CoStar Group, Inc.[1]	42,637,436	202,039,500
156,672	Wix.com Ltd.[1,2]	7,560,889	10,638,029
		136,727,807	277,643,782
	IT Consulting & Other Services (5.01%)		
950,000	Booz Allen Hamilton Holding Corp.	10,162,552	33,620,500
2,425,000	Gartner, Inc.[1]	37,453,863	261,875,750
		47,616,415	295,496,250
Total Information Technology		394,751,723	1,233,895,532
Real Estate (8.31%)			
	Diversified REITs (0.50%)		
710,000	American Assets Trust, Inc.	13,409,206	29,706,400
	Office REITs (3.35%)		
124,000	Alexander's, Inc.[5]	23,989,393	53,550,640
3,750,000	Douglas Emmett, Inc.	50,560,518	144,000,000
		74,549,911	197,550,640
	Specialized REITs (4.46%)		
750,000	Alexandria Real Estate Equities, Inc.[5]	27,827,790	82,890,000
5,400,000	Gaming and Leisure Properties, Inc.	119,506,198	180,468,000
		147,333,988	263,358,000
Total Real Estate		235,293,105	490,615,040

Shares		Cost	Value
Common Stocks (continued)			
Telecommunication Services (1.22%)			
	Alternative Carriers (1.22%)		
7,493,437	Iridium Communications, Inc.[1,4]	$ 45,709,971	$ 72,311,667
TOTAL COMMON STOCKS		**2,261,147,626**	**5,878,310,063**
Preferred Stocks (0.24%)			
Telecommunication Services (0.24%)			
	Alternative Carriers (0.24%)		
41,074	Iridium Communications, Inc., Series B, 6.75%[4]	**10,268,500**	**14,098,651**
Private Equity Investments (0.02%)			
Financials (0.02%)			
	Asset Management & Custody Banks (0.02%)		
2,375,173	Windy City Investments Holdings, L.L.C.[1,3,5]	**0**	**1,092,580**
TOTAL INVESTMENTS (99.84%)		**$2,271,416,126**	**5,893,501,294**
CASH AND OTHER ASSETS LESS LIABILITIES (0.16%)			**9,357,514**
NET ASSETS			**$5,902,858,808**
RETAIL SHARES (Equivalent to $65.64 per share based on 41,672,320 shares outstanding)			**$2,735,249,812**
INSTITUTIONAL SHARES (Equivalent to $67.15 per share based on 47,135,693 shares outstanding)			**$3,164,956,909**
R6 SHARES (Equivalent to $67.15 per share based on 39,494 shares outstanding)			**$ 2,652,087**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 At March 31, 2017, the market value of restricted and fair valued securities amounted to $1,092,580 or 0.02% of net assets. This security is not deemed liquid.
4 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
5 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Small Cap Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (98.76%)			
Consumer Discretionary (18.64%)			
	Automotive Retail (1.05%)		
1,100,000	Camping World Holdings, Inc., Cl A	$ 25,857,601	$ 35,464,000
	Cable & Satellite (3.26%)		
100,000	Liberty Broadband Corporation, Cl A[1]	404,823	8,509,000
300,000	Liberty Broadband Corporation, Cl C[1]	1,184,602	25,920,000
150,000	Liberty SiriusXM Group, Cl A[1]	305,046	5,838,000
1,200,000	Liberty SiriusXM Group, Cl C[1]	2,632,540	46,536,000
1,000,000	MSG Networks Inc., Cl A[1]	7,003,117	23,350,000
		11,530,128	110,153,000
	Casinos & Gaming (1.15%)		
1,750,000	Red Rock Resorts, Inc., Cl A	35,354,171	38,815,000
	Education Services (6.09%)		
1,750,000	Bright Horizons Family Solutions, Inc.[1]	57,731,206	126,857,500
3,100,000	Nord Anglia Education, Inc.[1,2]	56,903,384	78,554,000
		114,634,590	205,411,500
	Internet & Direct Marketing Retail (1.15%)		
850,000	Liberty Expedia Holdings, Inc., Cl A[1]	36,289,832	38,658,000
	Movies & Entertainment (2.24%)		
750,000	Liberty Media Corporation - Liberty Formula One, Cl C (formerly, Liberty Media Group, Cl C)[1]	10,168,679	25,612,500
250,000	The Madison Square Garden Company, Cl A[1]	13,336,230	49,927,500
		23,504,909	75,540,000
	Restaurants (2.76%)		
500,000	BJ's Restaurants, Inc.[1]	16,384,828	20,200,000
500,000	The Cheesecake Factory, Inc.	9,055,187	31,680,000
850,000	Wingstop Inc.[1]	20,620,955	24,038,000
934,569	Zoe's Kitchen, Inc.[1]	23,954,573	17,289,527
		70,015,543	93,207,527
	Specialty Stores (0.94%)		
2,250,000	Party City Holdco, Inc.[1]	32,984,775	31,612,500
Total Consumer Discretionary		350,171,549	628,861,527
Consumer Staples (0.62%)			
	Food Distributors (0.62%)		
1,500,000	The Chefs' Warehouse, Inc.[1,3]	22,433,215	20,850,000
Energy (2.28%)			
	Oil & Gas Storage & Transportation (2.28%)		
400,000	Dominion Midstream Partners, L.P.	8,400,000	12,780,000
800,000	PBF Logistics LP	20,465,744	17,240,000
2,500,000	Scorpio Tankers Inc.[2]	20,750,000	11,100,000
745,500	Valero Energy Partners LP	20,810,301	35,716,905
Total Energy		70,426,045	76,836,905

Shares		Cost	Value
Common Stocks (continued)			
Financials (2.63%)			
	Asset Management & Custody Banks (1.29%)		
1,000,000	Financial Engines, Inc.	$ 14,907,587	$ 43,550,000
	Financial Exchanges & Data (0.48%)		
200,000	CBOE Holdings, Inc.	15,498,427	16,214,000
	Investment Banking & Brokerage (0.86%)		
750,000	Moelis & Co., Cl A	18,642,401	28,875,000
Total Financials		49,048,415	88,639,000
Health Care (16.86%)			
	Biotechnology (0.46%)		
1,500,000	Abcam plc (United Kingdom)[2]	14,075,553	15,514,040
	Health Care Equipment (6.85%)		
500,000	Cantel Medical Corp.	20,804,109	40,050,000
750,000	DexCom, Inc.[1]	10,073,448	63,547,500
825,000	IDEXX Laboratories, Inc.[1]	12,962,146	127,553,250
		43,839,703	231,150,750
	Health Care Supplies (1.08%)		
1,250,000	The Spectranetics Corporation[1]	33,281,895	36,406,250
	Life Sciences Tools & Services (6.90%)		
800,000	ICON plc[1,2]	22,757,019	63,776,000
750,000	INC Research Holdings, Inc., Cl A[1]	15,497,628	34,387,500
150,000	Mettler-Toledo International, Inc.[1]	7,800,480	71,836,500
25,000	Patheon N.V.[1,2]	525,000	658,500
950,000	PRA Health Sciences, Inc.[1]	17,544,444	61,968,500
		64,124,571	232,627,000
	Managed Health Care (1.57%)		
1,250,000	HealthEquity, Inc.[1]	21,851,091	53,062,500
Total Health Care		177,172,813	568,760,540
Industrials (22.85%)			
	Aerospace & Defense (5.47%)		
750,000	DigitalGlobe, Inc.[1]	21,329,051	24,562,500
1,000,000	Mercury Systems, Inc.[1]	26,116,728	39,050,000
550,000	TransDigm Group, Inc.[1]	101,351	121,088,000
		47,547,130	184,700,500
	Construction & Farm Machinery & Heavy Trucks (0.61%)		
750,000	REV Group, Inc.[1]	16,959,272	20,677,500
	Diversified Support Services (0.29%)		
225,000	Healthcare Services Group, Inc.	6,618,783	9,695,250
	Electrical Components & Equipment (2.72%)		
450,000	Acuity Brands, Inc.	22,758,773	91,800,000
	Environmental & Facilities Services (3.79%)		
1,450,000	Waste Connections, Inc.[2]	94,975,000	127,919,000

Baron Small Cap Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Industrials (continued)			
	Human Resource & Employment Services (2.88%)		
2,000,000	On Assignment, Inc.[1]	$ 50,117,846	$ 97,060,000
	Industrial Machinery (3.73%)		
300,000	John Bean Technologies Corp.	25,500,000	26,385,000
250,000	Nordson Corp.	6,938,012	30,710,000
425,000	RBC Bearings, Incorporated[1]	27,497,364	41,263,250
1,400,000	Welbilt, Inc. (formerly, Manitowoc Foodservice, Inc.)[1]	23,278,555	27,482,000
		83,213,931	125,840,250
	Trading Companies & Distributors (3.36%)		
1,250,000	SiteOne Landscape Supply, Inc.[1]	34,435,562	60,512,500
1,725,000	Univar, Inc.[1]	34,414,942	52,888,500
		68,850,504	113,401,000
Total Industrials		391,041,239	771,093,500
Information Technology (23.25%)			
	Application Software (7.51%)		
1,000,000	ACI Worldwide, Inc.[1]	11,814,864	21,390,000
1,000,000	Aspen Technology, Inc.[1]	38,193,570	58,920,000
1,600,000	Guidewire Software, Inc.[1]	45,300,515	90,128,000
425,000	The Ultimate Software Group, Inc.[1]	7,817,737	82,964,250
		103,126,686	253,402,250
	Data Processing & Outsourced Services (3.40%)		
450,000	FleetCor Technologies, Inc.[1]	10,686,190	68,143,500
450,000	WEX, Inc.[1]	18,982,530	46,575,000
		29,668,720	114,718,500
	Electronic Equipment & Instruments (2.49%)		
1,000,000	Cognex Corp.	17,347,926	83,950,000
	Internet Software & Services (1.30%)		
400,000	The Trade Desk, Inc., Cl A[1]	14,200,000	14,900,000
425,000	Wix.com Ltd.[1,2]	24,028,337	28,857,500
		38,228,337	43,757,500
	IT Consulting & Other Services (6.07%)		
1,700,000	Acxiom Corp.[1]	38,602,270	48,399,000
1,450,000	Gartner, Inc.[1]	24,467,994	156,585,500
		63,070,264	204,984,500
	Systems Software (0.67%)		
600,000	Qualys, Inc.[1]	21,455,294	22,740,000
	Technology Hardware, Storage & Peripherals (1.81%)		
1,250,000	Electronics For Imaging, Inc.[1]	53,031,020	61,037,500
Total Information Technology		325,928,247	784,590,250
Materials (3.85%)			
	Commodity Chemicals (0.22%)		
300,000	Westlake Chemical Partners LP	7,200,000	7,545,000
	Construction Materials (1.72%)		
2,350,000	Summit Materials, Inc., Cl A[1]	48,083,703	58,068,500

Shares		Cost	Value
Common Stocks (continued)			
Materials (continued)			
	Metal & Glass Containers (1.15%)		
800,000	Berry Plastics Group, Inc.[1]	$ 12,652,147	$ 38,856,000
	Specialty Chemicals (0.76%)		
2,000,000	Flotek Industries, Inc.[1]	37,558,366	25,580,000
Total Materials		105,494,216	130,049,500
Real Estate (5.75%)			
	Office REITs (0.32%)		
100,000	SL Green Realty Corp.	2,127,325	10,662,000
	Real Estate Services (0.51%)		
500,000	CBRE Group, Inc., Cl A[1]	2,180,507	17,395,000
	Specialized REITs (4.92%)		
2,000,000	Gaming and Leisure Properties, Inc.	37,589,735	66,840,000
825,000	SBA Communications Corp.[1]	3,327,866	99,305,250
		40,917,601	166,145,250
Total Real Estate		45,225,433	194,202,250
Telecommunication Services (1.09%)			
	Wireless Telecommunication Services (1.09%)		
126,306,053	PT Sarana Menara Nusantara Tbk. (Indonesia)[1,2]	26,340,798	36,776,668
Unclassified (0.94%)			
3,000,000	Capitol Acquisition Corp. III[1,3]	30,900,086	31,650,000
TOTAL COMMON STOCKS		**1,594,182,056**	**3,332,310,140**

Principal Amount			
Short Term Investments (1.21%)			
$40,676,306	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $40,676,611; (Fully collateralized by $42,090,000 U.S. Treasury Inflation-Indexed Note, 0.125% due 7/15/2026; Market value - $41,491,017)	**40,676,306**	**40,676,306**
TOTAL INVESTMENTS (99.97%)		**$1,634,858,362**	**3,372,986,446**
CASH AND OTHER ASSETS LESS LIABILITIES (0.03%)			**1,179,922**
NET ASSETS			**$3,374,166,368**
RETAIL SHARES (Equivalent to $27.50 per share based on 61,673,322 shares outstanding)			**$1,696,213,520**
INSTITUTIONAL SHARES (Equivalent to $28.31 per share based on 56,515,005 shares outstanding)			**$1,600,015,958**
R6 SHARES (Equivalent to $28.31 per share based on 2,753,389 shares outstanding)			**$ 77,936,890**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 An “Affiliated” investment may include any company in which the Fund owns 5% or more of its outstanding shares.

Baron Opportunity Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (99.91%)			
Consumer Discretionary (23.29%)			
	Automobile Manufacturers (5.03%)		
40,000	Tesla, Inc. (formerly, Tesla Motors, Inc.)[1]	$ 8,209,677	$ 11,132,000
	Internet & Direct Marketing Retail (15.98%)		
17,875	Amazon.com, Inc.[1]	5,857,528	15,846,903
65,900	Ctrip.com International Ltd., ADR[1,2]	2,957,581	3,238,985
45,200	Expedia, Inc.	4,991,663	5,702,884
42,725	Netflix, Inc.[1]	1,515,569	6,315,182
2,385	The Priceline Group, Inc.[1]	377,932	4,245,228
		15,700,273	35,349,182
	Movies & Entertainment (2.28%)		
298,014	Manchester United plc, Cl A[2]	4,836,160	5,036,437
Total Consumer Discretionary		28,746,110	51,517,619
Energy (1.21%)			
	Oil & Gas Exploration & Production (1.21%)		
20,815	Concho Resources, Inc.[1]	1,878,134	2,671,397
Financials (4.51%)			
	Consumer Finance (0.87%)		
56,000	Synchrony Financial	2,060,207	1,920,800
	Financial Exchanges & Data (1.56%)		
18,400	MarketAxess Holdings, Inc.	1,838,546	3,449,816
	Investment Banking & Brokerage (2.08%)		
112,600	The Charles Schwab Corp.	3,276,303	4,595,206
Total Financials		7,175,056	9,965,822
Health Care (8.57%)			
	Biotechnology (2.23%)		
48,600	Sage Therapeutics, Inc.[1]	1,536,111	3,454,002
21,800	Ultragenyx Pharmaceutical, Inc.[1]	1,377,719	1,477,604
		2,913,830	4,931,606
	Health Care Equipment (4.90%)		
29,500	Edwards Lifesciences Corp.[1]	2,603,315	2,775,065
87,800	Glaukos Corporation[1]	2,835,326	4,504,140
4,645	Intuitive Surgical, Inc.[1]	3,073,750	3,560,253
		8,512,391	10,839,458
	Life Sciences Tools & Services (1.44%)		
18,615	Illumina, Inc.[1]	1,282,663	3,176,464
Total Health Care		12,708,884	18,947,528
Industrials (1.04%)			
	Research & Consulting Services (1.04%)		
28,490	Verisk Analytics, Inc.[1]	1,328,353	2,311,679
Information Technology (58.11%)			
	Application Software (13.04%)		
20,675	ANSYS, Inc.[1]	426,505	2,209,538
213,000	Guidewire Software, Inc.[1]	5,657,084	11,998,290
48,400	Mobileye N.V.[1,2]	2,026,390	2,971,760
50,580	salesforce.com, Inc.[1]	2,963,866	4,172,344
51,204	Snap, Inc., Cl A[1]	870,468	1,153,626
36,500	Splunk, Inc.[1]	2,003,403	2,273,585
115,000	SS&C Technologies Holdings, Inc.	3,862,463	4,071,000
		17,810,179	28,850,143

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Data Processing & Outsourced Services (5.49%)		
49,200	MasterCard Incorporated, Cl A	$ 4,071,905	$ 5,533,524
74,500	Visa, Inc., Cl A	5,463,796	6,620,815
		9,535,701	12,154,339
	Home Entertainment Software (0.91%)		
22,500	Electronic Arts, Inc.[1]	1,958,903	2,014,200
	Internet Software & Services (21.66%)		
42,400	Alibaba Group Holding Ltd., ADR[1,2]	2,981,539	4,571,992
11,350	Alphabet, Inc., Cl C[1]	7,058,160	9,415,506
197,714	Benefitfocus, Inc.[1]	7,315,343	5,526,106
63,133	CoStar Group, Inc.[1]	3,606,416	13,082,420
37,350	Facebook, Inc., Cl A[1]	2,501,678	5,305,567
71,510	The Trade Desk, Inc., Cl A[1]	1,287,180	2,663,748
55,143	Wix.com Ltd.[1,2]	3,059,112	3,744,210
106,650	Zillow Group, Inc., Cl C[1]	2,522,068	3,590,906
		30,331,496	47,900,455
	IT Consulting & Other Services (8.97%)		
292,300	Acxiom Corp.[1]	4,465,284	8,321,781
106,570	Gartner, Inc.[1]	1,964,945	11,508,494
		6,430,229	19,830,275
	Semiconductors (1.33%)		
57,700	Mellanox Technologies Ltd.[1,2]	2,390,079	2,939,815
	Systems Software (6.71%)		
16,471	MuleSoft, Inc., Cl A[1,3]	280,007	400,739
27,800	Proofpoint, Inc.[1]	2,258,261	2,067,208
42,300	Red Hat, Inc.[1]	1,870,121	3,658,950
65,300	ServiceNow, Inc.[1]	4,049,328	5,711,791
94,300	Varonis Systems, Inc.[1]	2,654,385	2,998,740
		11,112,102	14,837,428
Total Information Technology		79,568,689	128,526,655
Real Estate (3.18%)			
	Specialized REITs (3.18%)		
10,625	Equinix, Inc.	201,123	4,253,931
23,100	SBA Communications Corp.[1]	77,260	2,780,547
Total Real Estate		278,383	7,034,478
TOTAL INVESTMENTS (99.91%)		$131,683,609	220,975,178
CASH AND OTHER ASSETS LESS LIABILITIES (0.09%)			191,277
NET ASSETS			$221,166,455
RETAIL SHARES (Equivalent to $16.09 per share based on 11,105,462 shares outstanding)			$178,693,377
INSTITUTIONAL SHARES (Equivalent to $16.55 per share based on 2,541,693 shares outstanding)			$ 42,061,329
R6 SHARES (Equivalent to $16.56 per share based on 24,868 shares outstanding)			$ 411,749

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
ADR American Depositary Receipt.

Baron Partners Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (128.47%)			
Consumer Discretionary (49.66%)			
	Apparel, Accessories & Luxury Goods (2.37%)		
909,700	Under Armour, Inc., Cl A[1]	$ 33,032,267	$ 17,993,866
1,206,500	Under Armour, Inc., Cl C[1]	31,109,238	22,078,950
		64,141,505	40,072,816
	Automobile Manufacturers (18.23%)		
1,110,000	Tesla, Inc. (formerly, Tesla Motors, Inc.)[1]	236,819,490	308,913,000
	Hotels, Resorts & Cruise Lines (9.70%)		
2,600,000	Hyatt Hotels Corp., Cl A[1]	72,054,423	140,348,000
475,000	Norwegian Cruise Line Holdings Ltd.[1,2]	20,954,950	24,096,750
		93,009,373	164,444,750
	Internet & Direct Marketing Retail (3.08%)		
20,000	Amazon.com, Inc.[1]	17,212,325	17,730,800
20,357,182	AO World plc (United Kingdom)[1,2]	43,575,319	34,432,456
		60,787,644	52,163,256
	Leisure Facilities (10.48%)		
925,800	Vail Resorts, Inc.	27,801,851	177,661,020
	Movies & Entertainment (5.34%)		
5,350,000	Manchester United plc, Cl A[2]	91,115,472	90,415,000
	Restaurants (0.46%)		
30,000	Panera Bread Co., Cl A[1]	5,026,025	7,856,100
Total Consumer Discretionary		578,701,360	841,525,942
Financials (30.38%)			
	Asset Management & Custody Banks (2.72%)		
2,890,000	The Carlyle Group	72,986,195	46,095,500
	Financial Exchanges & Data (7.50%)		
770,000	FactSet Research Systems, Inc.	50,187,585	126,980,700
	Investment Banking & Brokerage (6.74%)		
2,800,000	The Charles Schwab Corp.	24,289,154	114,268,000
	Property & Casualty Insurance (13.42%)		
2,400,000	Arch Capital Group Ltd.[1,2]	31,929,992	227,448,000
Total Financials		179,392,926	514,792,200

Shares		Cost	Value
Common Stocks (continued)			
Health Care (10.44%)			
	Health Care Equipment (9.12%)		
1,000,000	IDEXX Laboratories, Inc.[1]	$ 43,593,540	$ 154,610,000
	Health Care Technology (1.32%)		
1,776,790	Inovalon Holdings, Inc., Cl A[1]	47,548,581	22,387,554
Total Health Care		91,142,121	176,997,554
Industrials (7.94%)			
	Human Resource & Employment Services (2.30%)		
800,000	Robert Half International, Inc.	30,067,907	39,064,000
	Research & Consulting Services (3.35%)		
700,000	Verisk Analytics, Inc.[1]	17,942,027	56,798,000
	Trading Companies & Distributors (2.29%)		
1,000,000	Air Lease Corp.	31,581,290	38,750,000
Total Industrials		79,591,224	134,612,000
Information Technology (23.26%)			
	Internet Software & Services (19.18%)		
448,550	Benefitfocus, Inc.[1]	16,054,121	12,536,972
1,100,000	CoStar Group, Inc.[1]	112,737,432	227,942,000
2,500,000	Zillow Group, Inc., Cl A[1]	60,868,348	84,525,000
		189,659,901	325,003,972
	IT Consulting & Other Services (4.08%)		
640,000	Gartner, Inc.[1]	40,674,307	69,113,600
Total Information Technology		230,334,208	394,117,572
Real Estate (6.79%)			
	Hotel & Resort REITs (0.61%)		
382,727	MGM Growth Properties LLC, Cl A	8,037,267	10,352,765
	Office REITs (2.23%)		
985,000	Douglas Emmett, Inc.	28,695,526	37,824,000
	Specialized REITs (3.95%)		
2,000,000	Gaming and Leisure Properties, Inc.	61,345,351	66,840,000
Total Real Estate		98,078,144	115,016,765
TOTAL COMMON STOCKS		**1,257,239,983**	**2,177,062,033**
Private Equity Investments (0.21%)			
Financials (0.21%)			
	Asset Management & Custody Banks (0.21%)		
7,579,130	Windy City Investments Holdings, L.L.C.[1,3,4]	**0**	**3,486,400**

Baron Partners Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (0.01%)			
$118,749	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $118,750; (Fully collateralized by $125,000 U.S. Treasury Inflation-Indexed Note, 0.125% due 7/15/2026; Market value - $123,221)	$ 118,749	$ 118,749
TOTAL INVESTMENTS (128.69%)		**$1,257,358,732**	**2,180,667,182**
LIABILITIES LESS CASH AND OTHER ASSETS (-28.69%)			**(486,106,143)**
NET ASSETS			**$1,694,561,039**
RETAIL SHARES (Equivalent to $41.52 per share based on 23,494,797 shares outstanding)			**$ 975,578,191**
INSTITUTIONAL SHARES (Equivalent to $42.28 per share based on 16,787,128 shares outstanding)			**$ 709,717,682**
R6 SHARES (Equivalent to $42.28 per share based on 219,148 shares outstanding)			**$ 9,265,166**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] At March 31, 2017, the market value of restricted and fair valued securities amounted to $3,486,400 or 0.21% of net assets. This security is not deemed liquid.
[4] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Fifth Avenue Growth Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (100.00%)			
Consumer Discretionary (31.15%)			
	Automobile Manufacturers (0.87%)		
4,713	Tesla, Inc. (formerly, Tesla Motors, Inc.)[1]	$ 1,177,304	$ 1,311,628
	Cable & Satellite (2.78%)		
24,450	Naspers Limited, Cl N (South Africa)[2]	3,602,327	4,218,895
	Internet & Direct Marketing Retail (26.05%)		
26,724	Amazon.com, Inc.[1]	6,730,600	23,691,895
91,960	Ctrip.com International Ltd., ADR[1,2]	2,980,456	4,519,834
28,359	Expedia, Inc.	3,363,712	3,578,055
4,337	The Priceline Group, Inc.[1]	2,941,040	7,719,730
		16,015,808	39,509,514
	Restaurants (1.45%)		
37,710	Starbucks Corp.	1,003,746	2,201,887
Total Consumer Discretionary		21,799,185	47,241,924
Energy (1.57%)			
	Oil & Gas Exploration & Production (1.57%)		
18,548	Concho Resources, Inc.[1]	1,774,387	2,380,450
Financials (11.13%)			
	Asset Management & Custody Banks (2.04%)		
84,940	Brookfield Asset Management, Inc., Cl A[2]	1,721,560	3,096,912
	Consumer Finance (1.60%)		
70,872	Synchrony Financial	2,361,704	2,430,910
	Financial Exchanges & Data (2.79%)		
35,570	CME Group, Inc.	2,088,336	4,225,716
	Investment Banking & Brokerage (2.43%)		
90,198	The Charles Schwab Corp.	2,618,943	3,680,980
	Regional Banks (2.27%)		
36,627	First Republic Bank	2,619,742	3,435,979
Total Financials		11,410,285	16,870,497
Health Care (8.04%)			
	Biotechnology (2.23%)		
5,423	Biogen, Inc.[1]	1,453,971	1,482,757
4,911	Regeneron Pharmaceuticals, Inc.[1]	1,502,927	1,903,062
		2,956,898	3,385,819
	Health Care Equipment (2.31%)		
4,562	Intuitive Surgical, Inc.[1]	2,885,519	3,496,636
	Life Sciences Tools & Services (3.50%)		
31,122	Illumina, Inc.[1]	1,119,172	5,310,658
Total Health Care		6,961,589	12,193,113
Industrials (1.25%)			
	Research & Consulting Services (1.25%)		
23,408	Verisk Analytics, Inc.[1]	870,323	1,899,325

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (39.37%)			
	Application Software (1.03%)		
12,409	Mobileye N.V.[1,2]	$ 310,225	$ 761,913
35,597	Snap, Inc., Cl A[1]	605,149	802,000
		915,374	1,563,913
	Data Processing & Outsourced Services (9.72%)		
65,205	MasterCard Incorporated, Cl A	3,418,561	7,333,606
83,299	Visa, Inc., Cl A	2,537,808	7,402,782
		5,956,369	14,736,388
	Internet Software & Services (19.28%)		
92,830	Alibaba Group Holding Ltd., ADR[1,2]	7,959,441	10,009,859
1,948	Alphabet, Inc., Cl A[1]	280,365	1,651,514
10,046	Alphabet, Inc., Cl C[1]	4,142,964	8,333,760
65,002	Facebook, Inc., Cl A[1]	1,611,512	9,233,534
		13,994,282	29,228,667
	IT Consulting & Other Services (1.27%)		
25,579	EPAM Systems, Inc.[1]	1,727,106	1,931,726
	Semiconductor Equipment (2.43%)		
27,701	ASML Holding N.V.[2]	1,817,805	3,678,693
	Systems Software (2.17%)		
38,097	Red Hat, Inc.[1]	1,910,187	3,295,391
	Technology Hardware, Storage & Peripherals (3.47%)		
36,662	Apple, Inc.	869,664	5,266,863
Total Information Technology		27,190,787	59,701,641
Materials (2.33%)			
	Fertilizers & Agricultural Chemicals (2.33%)		
31,146	Monsanto Co.	2,616,700	3,525,727
Real Estate (5.16%)			
	Specialized REITs (5.16%)		
19,555	Equinix, Inc.	3,178,515	7,829,235
TOTAL INVESTMENTS (100.00%)		$75,801,771	151,641,912
CASH AND OTHER ASSETS LESS LIABILITIES (0.00%)			3,895
NET ASSETS			$151,645,807
RETAIL SHARES (Equivalent to $20.85 per share based on 3,423,732 shares outstanding)			$ 71,399,486
INSTITUTIONAL SHARES (Equivalent to $21.17 per share based on 3,719,423 shares outstanding)			$ 78,758,566
R6 SHARES (Equivalent to $21.18 per share based on 70,241 shares outstanding)			$ 1,487,755

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[ADR] American Depositary Receipt.

Baron Focused Growth Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (88.50%)			
Consumer Discretionary (49.01%)			
	Automobile Manufacturers (13.40%)		
90,000	Tesla, Inc. (formerly, Tesla Motors, Inc.)[1]	$ 20,342,221	$ 25,047,000
	Hotels, Resorts & Cruise Lines (14.84%)		
150,000	Choice Hotels International, Inc.	5,080,139	9,390,000
340,000	Hyatt Hotels Corp., Cl A[1]	12,201,302	18,353,200
		17,281,441	27,743,200
	Internet & Direct Marketing Retail (1.81%)		
2,000,000	AO World plc (United Kingdom)[1,2]	3,931,658	3,382,831
	Leisure Facilities (13.99%)		
136,230	Vail Resorts, Inc.	8,272,836	26,142,537
	Movies & Entertainment (4.97%)		
550,000	Manchester United plc, Cl A[2]	8,719,506	9,295,000
Total Consumer Discretionary		58,547,662	91,610,568
Consumer Staples (2.67%)			
	Household Products (2.67%)		
100,000	Church & Dwight Co., Inc.	1,274,171	4,987,000
Financials (19.47%)			
	Asset Management & Custody Banks (7.79%)		
435,000	The Carlyle Group	9,519,389	6,938,250
175,000	Financial Engines, Inc.	5,948,430	7,621,250
		15,467,819	14,559,500
	Financial Exchanges & Data (6.61%)		
75,000	FactSet Research Systems, Inc.	5,828,282	12,368,250
	Property & Casualty Insurance (5.07%)		
100,000	Arch Capital Group Ltd.[1,2]	1,800,056	9,477,000
Total Financials		23,096,157	36,404,750
Industrials (2.60%)			
	Research & Consulting Services (2.60%)		
60,000	Verisk Analytics, Inc.[1]	1,688,861	4,868,400

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (14.75%)			
	Application Software (3.07%)		
101,870	Guidewire Software, Inc.[1]	$ 4,816,692	$ 5,738,337
	Internet Software & Services (11.68%)		
225,000	Benefitfocus, Inc.[1]	5,980,202	6,288,750
75,000	CoStar Group, Inc.[1]	13,824,622	15,541,500
		19,804,824	21,830,250
Total Information Technology		24,621,516	27,568,587
TOTAL COMMON STOCKS		**109,228,367**	**165,439,305**
Preferred Stocks (4.10%)			
Telecommunication Services (4.10%)			
	Alternative Carriers (4.10%)		
22,300	Iridium Communications, Inc., Series B, 6.75%	**5,814,082**	**7,654,475**

Principal Amount		Cost	Value
Short Term Investments (7.31%)			
$13,669,137	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $13,669,239; (Fully collateralized by $14,145,000 U.S. Treasury Inflation-Indexed Note, 0.125% due 7/15/2026; Market value - $13,943,703)	**13,669,137**	**13,669,137**
TOTAL INVESTMENTS (99.91%)		**$128,711,586**	**186,762,917**
CASH AND OTHER ASSETS LESS LIABILITIES (0.09%)			**169,734**
NET ASSETS			**$186,932,651**
RETAIL SHARES (Equivalent to $13.49 per share based on 2,876,823 shares outstanding)			**$ 38,798,840**
INSTITUTIONAL SHARES (Equivalent to $13.71 per share based on 10,128,259 shares outstanding)			**$138,822,032**
R6 SHARES (Equivalent to $13.71 per share based on 679,102 shares outstanding)			**$ 9,311,779**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.

Baron International Growth Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (93.44%)			
Argentina (1.52%)			
63,700	YPF SA, ADR	$ 1,352,012	$ 1,546,636
Australia (3.23%)			
35,169	Domino's Pizza Enterprises Ltd.	237,597	1,561,633
445,000	MYOB Group Ltd.	1,229,236	1,210,328
30,000	Newcrest Mining Ltd.	242,041	510,428
Total Australia		1,708,874	3,282,389
Brazil (2.79%)			
84,500	BM&FBOVESPA SA	272,996	520,668
73,000	Smiles SA	913,031	1,478,375
95,000	TOTVS SA	779,410	842,091
Total Brazil		1,965,437	2,841,134
Canada (4.69%)			
5,200	Constellation Software, Inc.	662,016	2,555,326
105,000	Encana Corp.	901,771	1,229,550
32,000	Suncor Energy, Inc.	1,114,982	984,000
Total Canada		2,678,769	4,768,876
Chile (0.79%)			
23,397	Sociedad Química y Minera de Chile SA, ADR	481,851	804,155
China (12.02%)			
20,000	Alibaba Group Holding Ltd., ADR[1]	1,592,811	2,156,600
5,500	Baidu, Inc., ADR[1]	1,021,678	948,860
76,000	BYD Co., Ltd., Cl H	471,094	421,489
70,000	China Distance Education Holdings Ltd., ADR	760,640	714,000
21,000	Ctrip.com International Ltd., ADR[1]	756,010	1,032,150
600,571	Haitong Securities Co., Ltd., Cl H	1,008,651	1,015,441
2,251,700	Kingdee International Software Group Co. Ltd.[1]	336,315	932,957
46,400	Momo, Inc., ADR[1]	1,011,809	1,580,848
12,000	TAL Education Group, ADR[1]	581,596	1,278,840
75,000	Tencent Holdings Ltd.	393,663	2,150,164
Total China		7,934,267	12,231,349
France (4.76%)			
27,000	BNP Paribas SA	1,760,180	1,798,209
7,000	Eurofins Scientific SE	682,393	3,045,660
Total France		2,442,573	4,843,869
Germany (6.28%)			
21,425	Fresenius Medical Care Ag & Co.	1,776,883	1,806,781
28,566	ProSiebenSat.1 Media SE	1,161,072	1,264,832
175,100	RIB Software AG	1,534,330	2,316,278
15,000	Symrise AG	171,805	997,565
Total Germany		4,644,090	6,385,456
Hong Kong (0.45%)			
225,000	L'Occitane International SA	474,621	457,441
India (4.94%)			
45,000	Divi's Laboratories Ltd.	525,671	432,329
625,000	JM Financial Ltd.	800,242	852,776
12,500	Maruti Suzuki India Ltd.	1,006,141	1,158,023
43,000	Multi Commodity Exchange of India Ltd.	618,301	797,985
90,000	Tata Communications Ltd.	948,851	1,000,762
95,000	Zee Entertainment Enterprises Ltd.	538,743	783,510
Total India		4,437,949	5,025,385

Shares		Cost	Value
Common Stocks (continued)			
Indonesia (0.88%)			
1,250,000	PT Sarana Menara Nusantara Tbk.[1]	$ 260,297	$ 363,964
1,301,400	PT Tower Bersama Infrastructure Tbk	534,199	532,260
Total Indonesia		794,496	896,224
Ireland (1.31%)			
16,075	Ryanair Holdings plc, ADR[1]	399,042	1,333,903
Israel (6.14%)			
16,000	Check Point Software Technologies Ltd.[1]	758,407	1,642,560
31,000	Mellanox Technologies Ltd.[1]	1,239,590	1,579,450
21,500	Mobileye N.V.[1]	794,446	1,320,100
25,059	Wix.com Ltd.[1]	1,202,397	1,701,506
Total Israel		3,994,840	6,243,616
Japan (15.59%)			
25,000	Bridgestone Corp.	480,797	1,011,183
225,000	Daiwa Securities Group, Inc.	1,527,053	1,370,048
9,500	FANUC Corp.	1,191,942	1,947,274
44,000	Mitsui Fudosan Co. Ltd.	908,371	938,256
52,000	MonotaRO Co. Ltd.	775,482	1,606,755
145,000	Rakuten, Inc.	1,785,841	1,452,214
16,000	Recruit Holdings Co. Ltd.	736,210	816,312
45,000	SMS Co. Ltd.	1,132,932	1,141,067
38,000	SoftBank Group Corp.	1,682,305	2,683,517
48,000	Sony Corp., ADR	1,527,731	1,619,040
33,000	TechnoPro Holdings, Inc.	1,162,914	1,273,107
Total Japan		12,911,578	15,858,773
Netherlands (1.40%)			
5,000	Cimpress NV[1]	475,629	430,950
25,000	InterXion Holding N.V.[1]	835,529	989,000
Total Netherlands		1,311,158	1,419,950
Nigeria (0.43%)			
1,501,886	Lekoil Ltd.[1]	530,554	435,146
Norway (1.37%)			
50,000	Golar LNG Ltd.	823,128	1,396,500
Panama (1.32%)			
12,000	Copa Holdings, S.A., Cl A	973,816	1,347,000
Russia (0.79%)			
70,000	Sberbank of Russia, ADR	814,502	807,800
Spain (4.03%)			
12,000	Aena SA, 144A	1,098,173	1,898,477
40,000	Grifols SA, ADR	207,626	755,000
41,105	Industria de Diseño Textil SA	1,234,212	1,448,831
Total Spain		2,540,011	4,102,308
Switzerland (2.07%)			
42,067	Julius Baer Group Ltd.	1,489,578	2,099,885
United Kingdom (12.34%)			
200,000	Abcam plc	1,362,532	2,068,539
325,214	AO World plc[1]	718,811	550,072
290,000	Domino's Pizza Group plc	943,591	1,121,997
73,000	Experian plc	770,060	1,488,997
330,000	Horizon Discovery Group plc[1]	669,547	742,156
160,000	Howden Joinery Group PLC	763,986	869,413
30,000	Intertek Group plc	816,271	1,478,673
95,159	JUST EAT plc[1]	453,828	674,812

Baron International Growth Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
United Kingdom (continued)			
26,825	Reckitt Benckiser Group PLC	$ 2,530,450	$ 2,448,756
300,000	Worldpay Group plc, 144A	1,097,280	1,110,320
Total United Kingdom		10,126,356	12,553,735
United States (4.30%)			
28,000	Agilent Technologies, Inc.	639,432	1,480,360
27,000	Arch Capital Group Ltd.[1]	983,683	2,558,790
70,155	TerraForm Global, Inc., Cl A	263,252	336,744
Total United States		1,886,367	4,375,894
TOTAL COMMON STOCKS		**66,715,869**	**95,057,424**

Principal Amount		Cost	Value
Short Term Investments (7.30%)			
$7,429,597	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $7,429,652; (Fully collateralized by $8,045,000 U.S. Treasury Note, 1.625% due 5/15/2026; Market value - $7,579,637)	**7,429,597**	**7,429,597**
TOTAL INVESTMENTS (100.74%)		**$74,145,466**	**102,487,021**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.74%)			**(748,671)**
NET ASSETS			**$101,738,350**
RETAIL SHARES (Equivalent to $19.93 per share based on 2,314,427 shares outstanding)			**$ 46,136,037**
INSTITUTIONAL SHARES (Equivalent to $20.13 per share based on 2,741,577 shares outstanding)			**$ 55,190,330**
R6 SHARES (Equivalent to $20.13 per share based on 20,464 shares outstanding)			**$ 411,983**

% Represents percentage of net assets.
[1] Non-income producing securities.
[ADR] American Depositary Receipt.
[144A] Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. These securities have been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted. At March 31, 2017, the market value of Rule 144A securities amounted to $3,008,797 or 2.96% of net assets.

Summary of Investments by Sector as of March 31, 2017	Percentage of Net Assets
Information Technology	24.8%
Consumer Discretionary	17.1%
Industrials	13.8%
Financials	11.6%
Health Care	10.2%
Energy	5.5%
Telecommunication Services	4.5%
Consumer Staples	2.4%
Materials	2.3%
Real Estate	0.9%
Utilities	0.3%
Cash and Cash Equivalents*	6.6%
	100.0%

* Includes short term investments.

Baron Real Estate Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (98.67%)			
Consumer Discretionary (34.40%)			
	Casinos & Gaming (7.90%)		
698,950	Boyd Gaming Corp.[1]	$ 14,290,421	$ 15,383,890
1,783,800	MGM Resorts International	35,318,569	48,876,120
452,039	Pinnacle Entertainment, Inc.[1]	7,183,298	8,823,801
		56,792,288	73,083,811
	Home Furnishings (6.32%)		
254,857	Mohawk Industries, Inc.[1]	33,592,644	58,487,133
	Home Improvement Retail (5.57%)		
288,700	Home Depot, Inc.	26,366,318	42,389,821
111,300	Lowe's Companies, Inc.	3,800,204	9,149,973
		30,166,522	51,539,794
	Homebuilding (1.25%)		
321,200	Toll Brothers, Inc.[1]	9,525,868	11,598,532
	Hotels, Resorts & Cruise Lines (13.36%)		
448,100	Hilton Grand Vacations, Inc.[1]	11,113,056	12,842,546
472,483	Hilton Worldwide Holdings, Inc.	23,771,612	27,621,356
236,050	Marriott International, Inc., Cl A	18,085,316	22,231,189
453,150	Norwegian Cruise Line Holdings Ltd.[1,2]	12,217,067	22,988,299
143,000	Royal Caribbean Cruises Ltd.[2]	11,458,065	14,029,730
284,700	Wyndham Worldwide Corp.	23,931,592	23,997,363
		100,576,708	123,710,483
Total Consumer Discretionary		230,654,030	318,419,753
Financials (2.40%)			
	Asset Management & Custody Banks (2.40%)		
608,200	Brookfield Asset Management, Inc., Cl A[2]	14,852,433	22,174,972
Industrials (11.15%)			
	Building Products (4.00%)		
518,450	Masco Corp.	16,769,905	17,622,116
244,150	Masonite International Corp.[1,2]	14,147,970	19,348,887
		30,917,875	36,971,003
	Electrical Components & Equipment (1.95%)		
88,381	Acuity Brands, Inc.	18,012,475	18,029,724
	Industrial Conglomerates (3.68%)		
423,000	Macquarie Infrastructure Corp.[3]	24,505,366	34,085,340
	Trading Companies & Distributors (1.52%)		
291,100	SiteOne Landscape Supply, Inc.[1]	9,606,705	14,092,151
Total Industrials		83,042,421	103,178,218
Information Technology (9.02%)			
	Internet Software & Services (2.93%)		
130,900	CoStar Group, Inc.[1]	24,820,460	27,125,098
	IT Consulting & Other Services (6.09%)		
1,425,500	InterXion Holding N.V.[1,2]	42,359,748	56,392,780
Total Information Technology		67,180,208	83,517,878

Shares		Cost	Value
Common Stocks (continued)			
Materials (8.40%)			
	Construction Materials (5.62%)		
109,750	Martin Marietta Materials, Inc.	$ 15,309,874	$ 23,952,937
233,050	Vulcan Materials Co.	28,255,146	28,077,864
		43,565,020	52,030,801
	Specialty Chemicals (2.78%)		
82,750	The Sherwin-Williams Co.	21,476,777	25,668,223
Total Materials		65,041,797	77,699,024
Real Estate (32.18%)			
	Hotel & Resort REITs (3.00%)		
556,644	MGM Growth Properties LLC, Cl A	11,689,524	15,057,220
495,999	Park Hotels & Resorts, Inc.	13,872,646	12,732,295
		25,562,170	27,789,515
	Industrial REITs (2.54%)		
280,350	Prologis, Inc.	14,133,670	14,544,558
399,550	Rexford Industrial Realty, Inc.	8,587,560	8,997,866
		22,721,230	23,542,424
	Office REITs (3.96%)		
58,500	Boston Properties, Inc.	7,333,010	7,745,985
339,150	Douglas Emmett, Inc.	7,174,195	13,023,360
135,300	Hudson Pacific Properties, Inc.	4,616,283	4,686,792
111,950	Vornado Realty Trust	10,933,992	11,229,704
		30,057,480	36,685,841
	Real Estate Services (2.38%)		
633,800	CBRE Group, Inc., Cl A[1]	13,317,373	22,049,902
	Residential REITs (4.36%)		
233,600	American Campus Communities, Inc.	9,222,613	11,117,024
217,900	Equity Residential	13,218,650	13,557,738
718,500	Invitation Homes, Inc.[1]	14,370,000	15,684,855
		36,811,263	40,359,617
	Retail REITs (1.78%)		
95,500	Simon Property Group, Inc.	13,905,020	16,428,865
	Specialized REITs (14.16%)		
127,700	Alexandria Real Estate Equities, Inc.[3]	8,260,048	14,113,404
359,700	American Tower Corp.	31,137,383	43,717,938
110,391	Equinix, Inc.	21,940,543	44,197,245
466,469	Gaming and Leisure Properties, Inc.	12,404,900	15,589,394
111,300	SBA Communications Corp.[1]	7,206,724	13,397,181
		80,949,598	131,015,162
Total Real Estate		223,324,134	297,871,326
Telecommunication Services (1.12%)			
	Wireless Telecommunication Services (1.12%)		
35,510,514	PT Sarana Menara Nusantara Tbk. (Indonesia)[1,2]	8,634,214	10,339,634
TOTAL COMMON STOCKS		**692,729,237**	**913,200,805**

Baron Real Estate Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Principal Amount		Cost	Value
Short Term Investments (1.34%)			
$12,399,880	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $12,399,973; (Fully collateralized by $13,425,000 U.S. Treasury Note, 1.625% due 5/15/2026; Market value - $12,648,431)	**$ 12,399,880**	**$ 12,399,880**
TOTAL INVESTMENTS (100.01%)		**$705,129,117**	**925,600,685**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.01%)			**(68,140)**
NET ASSETS			**$925,532,545**
RETAIL SHARES (Equivalent to $25.48 per share based on 15,704,651 shares outstanding)			**$400,138,659**
INSTITUTIONAL SHARES (Equivalent to $25.78 per share based on 20,291,419 shares outstanding)			**$523,022,962**
R6 SHARES (Equivalent to $25.78 per share based on 91,985 shares outstanding)			**$ 2,370,924**

% Represents percentage of net assets.
[1] Non-income producing securities.
[2] Foreign corporation.
[3] The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (91.24%)			
Argentina (1.67%)			
2,202,901	YPF SA, ADR	$ 42,469,325	$ 53,486,436
Brazil (5.10%)			
5,461,000	BM&FBOVESPA SA	18,055,731	33,649,361
7,671,777	Kroton Educacional SA	31,777,894	32,543,665
1,325,000	Multiplus SA	15,074,724	15,236,696
2,800,000	Smiles SA	39,071,020	56,704,785
2,896,580	TOTVS SA	35,589,977	25,675,620
Total Brazil		139,569,346	163,810,127
Chile (1.92%)			
1,136,203	Banco Santander Chile, ADR	25,647,815	28,495,971
964,875	Sociedad Química y Minera de Chile SA, ADR	20,889,754	33,162,754
Total Chile		46,537,569	61,658,725
China (26.13%)			
1,047,131	Alibaba Group Holding Ltd., ADR[1]	87,181,130	112,912,136
235,232	Baidu, Inc., ADR[1]	43,583,602	40,582,225
710,357	Bitauto Holdings Ltd., ADR[1]	18,021,458	18,192,243
3,738,387	BYD Co., Ltd., Cl H	23,713,337	20,732,739
11,783,170	China Everbright Ltd.	30,161,477	23,774,060
18,949,450	China Mengniu Dairy Co. Ltd.	38,027,103	39,257,047
3,590,436	China Mobile Ltd.	44,868,592	39,293,133
917,012	Ctrip.com International Ltd., ADR[1]	31,570,524	45,071,140
21,323,483	Haitong Securities Co., Ltd., Cl H	34,804,818	36,053,602
6,249,790	Hangzhou Hikvision Digital Technology Co. Ltd.	27,778,614	28,928,335
46,877,041	Kingdee International Software Group Co. Ltd.[1]	15,010,126	19,422,772
1,473,411	Momo, Inc., ADR[1]	32,642,221	50,199,113
34,582,505	PetroChina Co. Ltd.	27,869,137	25,320,009
4,886,611	Shenzhou International Group Holdings Ltd.	21,839,405	30,841,957
174,801	Sina Corp.[1]	12,161,396	12,606,648
28,000,000	Sino Biopharmaceutical Ltd.	23,816,253	23,058,612
8,901,164	Sinopharm Group Co. Ltd., Cl H	34,585,650	41,290,222
4,387,704	Sunny Optical Technology Group Co., Ltd.	10,127,972	32,068,659
489,413	TAL Education Group, ADR[1]	13,252,599	52,156,743
3,041,896	Tencent Holdings Ltd.	60,822,131	87,207,673
53,921,495	WH Group Ltd., 144A	45,337,951	46,487,038
16,404,825	Zhaojin Mining Industry Co. Ltd.	9,649,002	14,354,090
Total China		686,824,498	839,810,196
Hong Kong (1.68%)			
34,904,365	Man Wah Holdings Ltd.	15,230,172	27,711,501
6,477,661	Techtronic Industries Co. Ltd.	25,785,217	26,214,044
Total Hong Kong		41,015,389	53,925,545
India (15.48%)			
2,000,000	Amara Raja Batteries Ltd.[1]	16,897,443	27,413,567
11,999,871	Bank of Baroda[1]	26,579,935	31,960,848
7,750,000	Coal India Ltd.	43,072,753	34,927,812
3,752,679	DEN Networks Ltd.[1]	10,244,650	4,779,342
2,000,000	Divi's Laboratories Ltd.[1]	21,286,310	19,214,599
10,825,000	Exide Industries Ltd.	29,311,682	37,400,304
3,676,650	Hathway Cable and Datacom Ltd.[1]	3,016,373	2,134,592
2,090,000	Housing Development Finance Corp. Ltd.	43,760,690	48,346,639
3,050,000	Kotak Mahindra Bank Ltd.	35,149,230	40,967,275
2,024,596	Manpasand Beverages Ltd.[1]	20,843,706	21,965,471
492,000	Maruti Suzuki India Ltd.	38,560,397	45,579,801
4,650,000	Motherson Sumi Systems Ltd.	23,017,966	26,631,786
Common Stocks (continued)			
India (continued)			
1,025,000	Multi Commodity Exchange of India Ltd.	$ 15,676,534	$ 19,021,733
1,223,608	PVR Ltd.	11,206,207	26,969,877
3,250,000	Sun TV Network Ltd.	20,644,029	39,572,072
2,720,000	Tata Communications Ltd.	28,292,797	30,245,261
650,000	Torrent Pharmaceuticals Ltd.	5,131,164	15,541,542
3,000,000	Zee Entertainment Enterprises Ltd.	13,489,550	24,742,435
Total India		406,181,416	497,414,956
Indonesia (2.52%)			
24,931,689	PT Bank Mandiri (Persero) Tbk	21,095,070	21,890,418
64,194,388	PT Bank Negara Indonesia (Persero) Tbk	27,532,948	31,192,725
27,631,350	PT Sarana Menara Nusantara Tbk.[1]	8,841,958	8,045,450
48,542,679	PT Tower Bersama Infrastructure Tbk	24,581,292	19,853,484
Total Indonesia		82,051,268	80,982,077
Korea, Republic of (7.58%)			
799,386	KB Financial Group, Inc.	30,626,046	35,026,302
48,000	LG Household & Health Care Ltd.	32,078,150	34,809,979
53,500	NAVER Corporation	31,334,205	40,903,604
41,500	Samsung Electronics Co., Ltd.	51,720,507	76,446,392
272,500	Samsung Life Insurance Co. Ltd.	26,813,402	26,438,568
719,462	Shinhan Financial Group Co., Ltd.	28,642,300	29,980,264
Total Korea, Republic of		201,214,610	243,605,109
Malaysia (0.74%)			
57,000,000	My EG Services Bhd	21,243,553	23,827,816
Mexico (5.08%)			
349,044	Fomento Económico Mexicano, S.A.B. de C.V., ADR	31,904,063	30,897,375
2,044,971	GRUMA S.A.B. de C.V., Cl B	29,058,148	28,897,036
4,499,562	Grupo Financiero Banorte S.A.B. de C.V., Cl O	24,052,999	25,893,405
13,067,722	Grupo Lala S.A.B. de C.V.	25,191,100	23,717,298
8,389,319	Infraestructura Energetica Nova S.A.B. de C.V.	38,799,827	40,081,966
5,983,605	Wal-Mart de Mexico S.A.B de C.V.	13,187,614	13,806,660
Total Mexico		162,193,751	163,293,740
Nigeria (0.31%)			
33,909,830	Lekoil Ltd.[1,2]	15,181,228	9,824,805
Panama (1.74%)			
498,634	Copa Holdings, S.A., Cl A	31,192,656	55,971,666
Philippines (2.24%)			
35,005,000	Ayala Land, Inc.	25,979,935	23,057,603
13,757,114	BDO Unibank, Inc.	29,319,360	32,243,879
140,000,000	Metro Pacific Investments Corp.	15,473,801	16,797,210
Total Philippines		70,773,096	72,098,692
Russia (2.95%)			
499,841	Magnit, GDR	19,867,373	19,093,926
4,236,437	Sberbank of Russia, ADR	36,178,087	48,888,483
1,225,224	Yandex N.V., Cl A[1]	17,844,806	26,869,162
Total Russia		73,890,266	94,851,571

Baron Emerging Markets Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Singapore (1.40%)			
22,675,389	Global Logistic Properties Ltd.	$ 39,927,329	$ 45,063,861
South Africa (4.37%)			
1,414,841	AngloGold Ashanti Ltd., ADR	15,641,061	15,237,838
1,666,654	Bid Corp. Ltd.	30,861,361	32,261,626
2,194,126	Bidvest Group Ltd.	18,521,103	25,164,272
8,831,619	Life Healthcare Group Holdings Ltd.	22,408,553	19,083,472
573,429	Sasol Limited	18,782,121	16,694,355
399,406	Sasol Limited, ADR	12,826,848	11,742,537
4,214,203	Steinhoff International Holdings N.V.	19,879,892	20,352,083
Total South Africa		138,920,939	140,536,183
Taiwan, Province of China (8.73%)			
3,445,000	Catcher Technology Co. Ltd.	24,495,656	34,061,135
7,250,879	Delta Electronics, Inc.	38,290,942	38,832,260
1,574,231	Eclat Textile Co., Ltd.	18,560,893	15,772,142
12,601,000	Far EasTone Telecommunications Co., Ltd.	27,557,290	30,939,260
2,500,000	Ginko International Co., Ltd.	33,951,147	22,905,166
2,447,513	Makalot Industrial Co. Ltd.	12,199,921	10,042,527
7,300,000	Novatek Microelectronics Corp.	28,969,476	28,268,930
8,800,000	Taiwan Mobile Co., Ltd.	30,026,544	32,337,480
2,055,979	Taiwan Semiconductor Manufacturing Company Ltd., ADR	46,697,605	67,518,350
Total Taiwan, Province of China		260,749,474	280,677,250
Thailand (0.68%)			
99,727	Bangkok Bank PCL, Cl F	627,855	539,810
4,026,000	Bangkok Bank Public Co., Ltd., NVDR	21,278,175	21,265,013
Total Thailand		21,906,030	21,804,823
United Kingdom (0.59%)			
6,482,239	Tullow Oil plc[1]	19,729,406	19,004,544
United States (0.33%)			
2,190,655	TerraForm Global, Inc., Cl A[1]	14,422,671	10,515,144
TOTAL COMMON STOCKS		**2,515,993,820**	**2,932,163,266**
Preferred Stocks (0.01%)			
India (0.01%)			
3,098,340	Zee Entertainment Enterprises Ltd., 6.00% due 3/5/2022	**367,971**	**451,379**
Rights (0.03%)			
South Africa (0.03%)			
3,021,879	Life Healthcare Group Holdings Ltd.[1]	**0**	**1,013,581**

Principal Amount		Cost	Value
Short Term Investments (9.16%)			
$294,227,014	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $294,229,221; (Fully collateralized by $292,640,000 U.S. Treasury Note, 2.50% due 5/15/2024; Market value - $299,997,555 and $120,000 U.S. Treasury Inflation-Indexed Note, 0.125% due 7/15/2026; Market value - $118,292)	**$ 294,227,014**	**$ 294,227,014**
TOTAL INVESTMENTS (100.44%)		**$2,810,588,805**	**3,227,855,240**
LIABILITIES LESS CASH AND OTHER ASSETS (-0.44%)			**(14,118,501)**
NET ASSETS			**$3,213,736,739**
RETAIL SHARES (Equivalent to $12.37 per share based on 75,486,905 shares outstanding)			**$ 933,697,219**
INSTITUTIONAL SHARES (Equivalent to $12.41 per share based on 183,576,168 shares outstanding)			**$2,277,468,584**
R6 SHARES (Equivalent to $12.41 per share based on 207,130 shares outstanding)			**$ 2,570,936**

% Represents percentage of net assets.
1 Non-income producing securities.
2 An "Affiliated" investment may include any company in which the Fund owns 5% or more of its outstanding shares.
ADR American Depositary Receipt.
GDR Global Depositary Receipt.
NVDR Non-Voting Depositary Receipt.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted. At March 31, 2017, the market value of Rule 144A securities amounted to $46,487,038 or 1.45% of net assets.

Summary of Investments by Sector as of March 31, 2017	Percentage of Net Assets
Information Technology	23.8%
Consumer Discretionary	17.5%
Financials	17.2%
Consumer Staples	9.1%
Telecommunication Services	5.0%
Energy	4.4%
Health Care	4.4%
Industrials	3.4%
Materials	2.8%
Real Estate	2.1%
Utilities	1.6%
Cash and Cash Equivalents*	8.7%
	100.0%

* Includes short term investments.

Baron Energy and Resources Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (100.07%)			
Consumer Discretionary (3.99%)			
	Automobile Manufacturers (3.99%)		
14,100	Tesla, Inc. (formerly, Tesla Motors, Inc.)[1]	$ 3,242,965	$ 3,924,030
Energy (86.16%)			
	Oil & Gas Drilling (1.53%)		
114,700	Nabors Industries Ltd.[2]	1,313,408	1,499,129
	Oil & Gas Equipment & Services (17.17%)		
11,450	Core Laboratories N.V.[2]	1,237,589	1,322,704
70,700	Forum Energy Technologies, Inc.[1]	1,273,239	1,463,490
127,500	GlobeLTR Energy Inc., Cl A, 144A[1,3,4]	1,498,125	1,454,775
72,996	Halliburton Co.	3,216,370	3,592,133
41,500	Keane Group, Inc.[1]	788,500	593,450
25,500	Schlumberger Limited[2]	1,816,842	1,991,550
120,000	Smart Sand, Inc.[1]	2,100,000	1,950,000
67,800	TechnipFMC plc (formerly, FMC Technologies, Inc.)[1,2]	2,390,809	2,203,500
48,100	U.S. Silica Holdings, Inc.	1,244,436	2,308,319
		15,565,910	16,879,921
	Oil & Gas Exploration & Production (44.26%)		
21,700	Anadarko Petroleum Corporation	1,278,076	1,345,400
85,200	Antero Resources Corp.[1]	2,429,491	1,943,412
17,300	Carrizo Oil & Gas, Inc.[1]	654,214	495,818
44,999	Concho Resources, Inc. [1]	4,448,131	5,775,172
508,200	Encana Corp.[2]	3,264,546	5,951,022
27,666	Energen Corp.[1]	1,231,781	1,506,137
22,768	EOG Resources, Inc.	1,862,607	2,221,018
482,753	Jones Energy, Inc., Cl A[1]	2,040,090	1,231,020
2,496,354	Lekoil Ltd. (Nigeria)[1,2]	1,228,382	723,277
108,400	Newfield Exploration Co.[1]	3,107,287	4,001,044
191,200	Parsley Energy, Inc., Cl A[1]	3,186,353	6,215,912
126,300	Rice Energy, Inc.[1]	1,234,455	2,993,310
155,800	RSP Permian, Inc.[1]	3,693,116	6,454,794
198,000	WPX Energy, Inc.[1]	2,447,714	2,651,220
		32,106,243	43,508,556
	Oil & Gas Refining & Marketing (2.89%)		
42,900	Valero Energy Corporation	2,727,663	2,843,841
	Oil & Gas Storage & Transportation (20.31%)		
134,300	Energy Transfer Equity L.P.	925,998	2,649,739
129,635	Golar LNG Ltd.[2]	2,858,007	3,620,706
34,200	MPLX LP	1,063,167	1,233,936
43,038	Noble Midstream Partners LP	968,355	2,241,419
125,000	Sanchez Production Partners LP[3]	1,375,000	1,962,500
201,804	Scorpio Tankers Inc.[2]	1,862,800	896,010
45,200	SemGroup Corp., Cl A	1,394,086	1,627,200
58,300	Targa Resources Corp.	1,665,476	3,492,170
46,600	Valero Energy Partners LP	1,921,706	2,232,606
		14,034,595	19,956,286
Total Energy		65,747,819	84,687,733
Information Technology (2.54%)			
	Application Software (2.54%)		
42,400	Aspen Technology, Inc.[1]	1,638,941	2,498,208

Shares		Cost	Value
Common Stocks (continued)			
Materials (6.13%)			
	Commodity Chemicals (1.21%)		
47,332	Westlake Chemical Partners LP	$ 1,146,769	$ 1,190,400
	Specialty Chemicals (4.92%)		
377,852	Flotek Industries, Inc.[1]	4,393,946	4,832,727
Total Materials		5,540,715	6,023,127
Utilities (1.25%)			
	Gas Utilities (1.25%)		
256,166	Infraestructura Energetica Nova S.A.B. de C.V. (Mexico)[2]	1,079,252	1,223,894
TOTAL COMMON STOCKS		**77,249,692**	**98,356,992**

Principal Amount		Cost	Value
Short Term Investments (0.11%)			
$ 109,088	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $109,089; (Fully collateralized by $115,000 U.S. Treasury Inflation-Indexed Note, 0.125% due 7/15/2026; Market value - $113,363)	$ 109,088	$ 109,088
TOTAL INVESTMENTS (100.18%)		$77,358,780	98,466,080
LIABILITIES LESS CASH AND OTHER ASSETS (-0.18%)			(172,678)
NET ASSETS			$98,293,402
RETAIL SHARES (Equivalent to $8.95 per share based on 7,072,702 shares outstanding)			$63,281,136
INSTITUTIONAL SHARES (Equivalent to $9.07 per share based on 3,819,207 shares outstanding)			$34,622,641
R6 SHARES (Equivalent to $9.06 per share based on 43,017 shares outstanding)			$ 389,625

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
4 At March 31, 2017, the market value of restricted and fair valued securities amounted to $1,454,775 or 1.48% of net assets. This security is not deemed liquid.
144A Security is exempt from registration pursuant to Rule 144A under the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security is not deemed liquid pursuant to policies and procedures approved by the Board of Trustees, unless otherwise noted. At March 31, 2017, the market value of Rule 144A securities amounted to $1,454,775 or 1.48% of net assets.

Baron Global Advantage Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (93.74%)			
Argentina (1.69%)			
10,221	Globant SA[1]	$ 370,027	$ 372,044
Brazil (1.09%)			
24,814	Petroleo Brasileiro SA, ADR[1]	268,725	240,448
Canada (3.48%)			
1,556	Constellation Software, Inc.	540,378	764,632
China (17.68%)			
13,036	Alibaba Group Holding Ltd., ADR[1]	1,223,336	1,405,672
1,899	Baidu, Inc., ADR[1]	305,190	327,615
19,564	Ctrip.com International Ltd., ADR[1]	761,289	961,571
12,997	JD.com, Inc., ADR[1]	399,861	404,337
7,416	TAL Education Group, ADR[1]	240,306	790,323
Total China		2,929,982	3,889,518
India (2.75%)			
2,926	HDFC Bank Ltd., ADR	211,856	220,094
16,600	Housing Development Finance Corp. Ltd.	354,996	383,997
Total India		566,852	604,091
Israel (7.95%)			
2,689	Check Point Software Technologies Ltd.[1]	228,597	276,052
16,744	Mellanox Technologies Ltd.[1]	730,395	853,107
10,077	Mobileye N.V.[1]	471,746	618,728
Total Israel		1,430,738	1,747,887
Japan (1.29%)			
46,713	Daiwa Securities Group, Inc.	298,765	284,440
Netherlands (2.18%)			
3,615	ASML Holding N.V.	366,547	479,746
South Africa (4.55%)			
5,793	Naspers Limited, Cl N	884,145	999,594
Taiwan, Province of China (1.12%)			
7,529	Taiwan Semiconductor Manufacturing Company Ltd., ADR	241,775	247,252
United Kingdom (1.93%)			
59,967	JUST EAT plc[1]	258,537	425,251
United States (48.03%)			
17,446	Acxiom Corp.[1]	409,643	496,688
18,728	Adamas Pharmaceuticals, Inc.[1]	332,431	327,740
4,858	Aerie Pharmaceuticals, Inc.[1]	114,897	220,310
1,202	Alphabet Inc., Cl C[1]	766,042	997,131
1,553	Amazon.com, Inc.[1]	475,611	1,376,797
4,399	Benefitfocus, Inc.[1]	117,819	122,952
4,564	Blackline, Inc.[1]	77,588	135,825
2,702	CBOE Holdings, Inc.	216,054	219,051
9,774	EPAM Systems, Inc.[1]	673,638	738,132
4,506	Expedia, Inc.	549,695	568,522
7,204	Facebook, Inc., Cl A[1]	469,765	1,023,328
27,843	FireEye, Inc.[1]	672,079	351,100
3,745	First Republic Bank	293,924	351,318
8,052	Glaukos Corporation[1]	208,884	413,068
4,529	Greenlight Capital Re Ltd., Cl A[1]	99,623	100,091
Common Stocks (continued)			
United States (continued)			
2,726	Illumina, Inc.[1]	$ 246,154	$ 465,165
4,557	Luxoft Holding, Inc.[1]	270,704	285,040
1,560	MuleSoft, Inc., Cl A[1]	26,520	37,955
5,165	Noble Midstream Partners LP	140,518	268,993
7,034	Pacira Pharmaceuticals, Inc.[1]	410,605	320,750
245	The Priceline Group, Inc.[1]	266,540	436,093
2,856	Sage Therapeutics, Inc.[1]	167,239	202,976
4,782	Snap, Inc., Cl A[1]	81,294	107,738
2,917	Splunk, Inc.[1]	171,994	181,700
1,012	Tesla, Inc. (formerly, Tesla Motors, Inc.)[1]	256,961	281,640
1,334	Ultragenyx Pharmaceutical, Inc.[1]	102,034	90,419
13,912	Varonis Systems, Inc.[1]	405,714	442,402
Total United States		8,023,970	10,562,924
TOTAL COMMON STOCKS		**16,180,441**	**20,617,827**

Principal Amount		Cost	Value
Short Term Investments (9.48%)			
$2,084,338	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $2,084,353; (Fully collateralized by $2,160,000 U.S. Treasury Inflation-Indexed Note, 0.125% due 7/15/2026; Market value - $2,129,261)	**$ 2,084,338**	**$ 2,084,338**
TOTAL INVESTMENTS (103.22%)		**$18,264,779**	**22,702,165**
LIABILITIES LESS CASH AND OTHER ASSETS (-3.22%)			**(708,737)**
NET ASSETS			**$21,993,428**
RETAIL SHARES (Equivalent to $16.09 per share based on 832,552 shares outstanding)			**$13,391,797**
INSTITUTIONAL SHARES (Equivalent to $16.23 per share based on 518,226 shares outstanding)			**$ 8,412,602**
R6 SHARES (Equivalent to $16.24 per share based on 11,643 shares outstanding)			**$ 189,029**

% Represents percentage of net assets.
[1] Non-income producing securities.
ADR American Depositary Receipt.

Summary of Investments by Sector as of March 31, 2017	Percentage of Net Assets
Information Technology	48.6%
Consumer Discretionary	26.4%
Health Care	9.3%
Financials	7.1%
Energy	2.3%
Cash and Cash Equivalents*	6.3%
	100.0%

* Includes short term investments.

Baron Discovery Fund — PORTFOLIO HOLDINGS

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (92.57%)			
Consumer Discretionary (15.84%)			
	Casinos & Gaming (4.21%)		
70,000	Pinnacle Entertainment, Inc.[1]	$ 828,267	$ 1,366,400
165,000	Red Rock Resorts, Inc., Cl A	3,696,732	3,659,700
		4,524,999	5,026,100
	Education Services (1.91%)		
90,000	Nord Anglia Education, Inc.[1,2]	2,044,504	2,280,600
	Internet & Direct Marketing Retail (2.74%)		
72,000	Liberty Expedia Holdings, Inc., Cl A[1]	3,171,534	3,274,560
	Movies & Entertainment (1.75%)		
64,000	Liberty Media Corporation - Liberty Formula One, Cl A (formerly, Liberty Media Group, Cl A)[1]	1,753,426	2,092,800
	Restaurants (3.80%)		
250,000	Domino's Pizza Group plc (United Kingdom)[2]	1,140,996	967,239
117,000	Wingstop, Inc.[1]	2,858,228	3,308,760
14,000	Zoe's Kitchen, Inc.[1]	312,966	259,000
		4,312,190	4,534,999
	Specialty Stores (1.43%)		
121,000	Party City Holdco, Inc.[1]	1,696,053	1,700,050
Total Consumer Discretionary		17,502,706	18,909,109
Consumer Staples (0.40%)			
	Packaged Foods & Meats (0.40%)		
750,000	Barfresh Food Group, Inc.[1]	417,200	472,500
Energy (1.71%)			
	Oil & Gas Exploration & Production (0.51%)		
239,233	Jones Energy, Inc.[1]	1,090,123	610,044
	Oil & Gas Storage & Transportation (1.20%)		
45,000	Dominion Midstream Partners, L.P.	1,060,813	1,437,750
Total Energy		2,150,936	2,047,794
Financials (1.64%)			
	Property & Casualty Insurance (1.64%)		
61,000	Kinsale Capital Group, Inc.	1,319,112	1,954,440
Health Care (26.00%)			
	Biotechnology (9.17%)		
52,200	Adamas Pharmaceuticals, Inc.[1]	872,079	913,500
105,400	Flexion Therapeutics, Inc.[1]	1,932,809	2,836,314
87,900	Foundation Medicine, Inc.[1]	2,145,641	2,834,775
136,500	Myriad Genetics, Inc.[1]	2,591,482	2,620,800
19,700	Sage Therapeutics, Inc.[1]	1,038,015	1,400,079
5,000	Ultragenyx Pharmaceutical, Inc.[1]	331,462	338,900
		8,911,488	10,944,368
	Health Care Equipment (5.41%)		
37,700	Glaukos Corporation[1]	1,050,692	1,934,010
20,000	Inogen, Inc.[1]	952,384	1,551,200
16,300	Nevro Corp.[1]	1,217,453	1,527,310
185,700	Novadaq Technologies, Inc.[1,2]	1,554,021	1,446,603
		4,774,550	6,459,123
	Health Care Services (1.41%)		
67,500	Teladoc, Inc.[1]	1,680,612	1,687,500

Shares		Cost	Value
Common Stocks (continued)			
Health Care (continued)			
	Health Care Supplies (4.58%)		
464,300	Cerus Corp.[1]	$ 2,332,246	$ 2,066,135
225,317	Sientra, Inc.[1]	1,870,573	1,897,169
51,500	The Spectranetics Corporation[1]	1,186,873	1,499,938
		5,389,692	5,463,242
	Life Sciences Tools & Services (1.17%)		
46,904	Medpace Holdings, Inc.[1]	1,297,337	1,400,084
	Managed Health Care (0.39%)		
11,000	HealthEquity, Inc.[1]	277,296	466,950
	Pharmaceuticals (3.87%)		
42,100	Pacira Pharmaceuticals, Inc.[1]	1,842,934	1,919,760
374,800	TherapeuticsMD, Inc.[1]	2,333,804	2,698,560
		4,176,738	4,618,320
Total Health Care		26,507,713	31,039,587
Industrials (12.70%)			
	Aerospace & Defense (6.78%)		
41,800	DigitalGlobe, Inc.[1]	1,171,073	1,368,950
228,000	The KEYW Holding Corporation[1]	2,153,914	2,152,320
117,000	Mercury Systems, Inc.[1]	2,668,697	4,568,850
		5,993,684	8,090,120
	Heavy Electrical Equipment (1.47%)		
92,500	TPI Composites, Inc.[1]	1,620,030	1,758,425
	Industrial Machinery (2.22%)		
16,500	ESCO Technologies, Inc.	579,185	958,650
88,500	Kornit Digital Ltd.[1,2]	1,141,807	1,690,350
		1,720,992	2,649,000
	Trading Companies & Distributors (2.23%)		
55,000	SiteOne Landscape Supply, Inc.[1]	2,016,505	2,662,550
Total Industrials		11,351,211	15,160,095
Information Technology (31.27%)			
	Application Software (1.52%)		
20,000	Blackline, Inc.[1]	340,000	595,200
12,000	QAD, Inc., Cl A	331,712	334,200
37,000	QAD, Inc., Cl B	776,036	887,260
		1,447,748	1,816,660
	Electronic Equipment & Instruments (1.05%)		
6,100	Coherent, Inc.[1]	480,442	1,254,404
	Internet Software & Services (11.72%)		
194,200	Amber Road, Inc.[1]	1,494,499	1,499,224
90,000	CommerceHub, Inc., Series C[1]	1,369,150	1,397,700
60,700	Envestnet, Inc.[1]	2,221,737	1,960,610
355,000	JUST EAT plc (United Kingdom)[1,2]	2,203,217	2,517,453
115,000	Quotient Technology, Inc.[1]	1,269,621	1,098,250
88,000	The Trade Desk, Inc., Cl A[1]	2,523,397	3,278,000
145,000	TrueCar, Inc.[1]	2,019,371	2,243,150
		13,100,992	13,994,387
	IT Consulting & Other Services (1.93%)		
81,000	Acxiom Corp.[1]	2,081,534	2,306,070

Baron Discovery Fund — PORTFOLIO HOLDINGS (Continued)

March 31, 2017 (Unaudited)

Shares		Cost	Value
Common Stocks (continued)			
Information Technology (continued)			
	Semiconductor Equipment (1.15%)		
68,900	Ichor Holdings Ltd.[1,2]	$ 662,177	$ 1,366,287
	Semiconductors (7.48%)		
175,542	Everspin Technologies, Inc.[1]	1,433,684	1,471,042
99,000	Impinj, Inc.[1]	2,653,014	2,996,730
92,500	MACOM Technology Solutions Holdings, Inc.[1]	3,710,454	4,467,750
		7,797,152	8,935,522
	Systems Software (6.42%)		
6,969	MuleSoft, Inc., Cl A[1,3]	118,473	169,556
121,600	Qualys, Inc.[1]	3,716,868	4,608,640
90,900	Varonis Systems, Inc.[1]	2,519,292	2,890,620
		6,354,633	7,668,816
Total Information Technology		31,924,678	37,342,146
Materials (1.56%)			
	Specialty Chemicals (1.56%)		
146,000	Flotek Industries, Inc.[1]	1,635,534	1,867,340
Real Estate (1.45%)			
	Industrial REITs (1.45%)		
77,000	Rexford Industrial Realty, Inc.	1,688,011	1,734,040
TOTAL COMMON STOCKS		**94,497,101**	**110,527,051**
Warrants (0.05%)			
Consumer Staples (0.05%)			
	Packaged Foods & Meats (0.05%)		
300,000	Barfresh Food Group, Inc. Warrants Exp 3/13/2020[1,4]	**0**	**60,000**

Principal Amount		Cost	Value
Short Term Investments (10.08%)			
$12,037,372	Repurchase Agreement with Fixed Income Clearing Corp., dated 3/31/2017, 0.09% due 4/3/2017; Proceeds at maturity - $12,037,462; (Fully collateralized by $12,460,000 U.S. Treasury Inflation-Indexed Note, 0.125% due 7/15/2026; Market value - $12,282,682)	**$ 12,037,372**	**$ 12,037,372**
TOTAL INVESTMENTS (102.70%)		**$106,534,473**	**122,624,423**
LIABILITIES LESS CASH AND OTHER ASSETS (-2.70%)			**(3,225,020)**
NET ASSETS			**$119,399,403**
RETAIL SHARES (Equivalent to $14.94 per share based on 3,198,289 shares outstanding)			**$ 47,797,539**
INSTITUTIONAL SHARES (Equivalent to $15.07 per share based on 4,584,547 shares outstanding)			**$ 69,110,957**
R6 SHARES (Equivalent to $15.08 per share based on 165,233 shares outstanding)			**$ 2,490,907**

% Represents percentage of net assets.
1 Non-income producing securities.
2 Foreign corporation.
3 The Adviser has reclassified/classified certain securities in or out of this sub-industry. Such reclassifications/classifications are not supported by S&P or MSCI.
4 At March 31, 2017, the market value of restricted and fair valued securities amounted to $60,000 or 0.05% of net assets. This security is not deemed liquid.

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